

A SHARING ECONOMY BEYOND THE CONSUMER:  
AN EXPLORATION OF  
MICRO-RETAIL SHARING ENTERPRISES

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A Dissertation  
presented to  
the Faculty of the Graduate School  
at the University of Missouri-Columbia

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In Partial Fulfillment  
of the Requirements for the Degree  
Doctor of Philosophy

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by  
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JULY 2018



## APPROVAL PAGE

The undersigned, appointed by the dean of the Graduate School, have examined  
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A SHARING ECONOMY BEYOND THE CONSUMER:  
AN EXPLORATION OF  
MICRO-RETAIL SHARING ENTERPRISES

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## ACKNOWLEDGEMENTS

I would not have been able to complete this doctoral program and dissertation without the considerable support of so many. First and foremost, both the department of Textile and Apparel Management and the College of Human Environmental Sciences have been there for me, not only as financial supports, but as clear models of what amazing work can be done when we put the human first. Every person I have interacted with across the college has been thoughtful, passionate, helpful, and inspiring. Within the department, I must give special thanks to Dr. Jaime Mestres and Dr. Jean Parsons for helping me become a better teacher and allowing me to be so involved with the process while a teaching assistant. Jaime, thank you especially for always being a supportive sounding board. And to my fellow graduate students, thank you so much for showing me community and support in so many ways.

My committee has been extraordinary both in developing this research and my overall mentorship. Every woman here was an inspiring model and sounding board in many ways. To my advisor, Dr. Pam Norum, thank you for listening to my disjointed and half-formed ideas and helping me hone my research interests in realistic directions. Thank you also for the opportunities afforded, and resources provided, to expand my teaching in new directions. To Dr. Jung Ha-Brookshire, thank you for always showing enthusiasm and dedication as a teacher and researcher and helping me become stronger in both areas. To Dr. Mary Grigsby, I could not have made sense of any of this without you. Your dedication to my development, as an outside committee member no less, always went above and beyond. To Dr. Li Zhao, thank you for being a source of so much knowledge and for showing me the wonderful marriage of research and teaching in the classroom.

To the many mentors I have had along the way who have believed in me and taught me so much about work, learning, and life (whether you realized it or not!): Susan Hannel, George Dubois, Linda Welters, Karl Aspelund, Margaret Ordonez, Abby Lillethun, Martin Bide, John Lively, and Ben Anderson. And to the amazing women I am honored to have studied with for my Master's, who continue to rock the textile and apparel world from many different angles, showing me all the ways to make an impact: Aimee LaValley, Kelly Reddy-Best, Karen DePauw, and Katie Baker Jones.

Finally, to my parents and my sister who have always believed in me and supported me in many things, but especially through this process. Thanks to each of you for also showing me the importance of compassion in the choices we make in life, which I try to integrate into my choices as a teacher and researcher. Last, but absolutely not least, thank you to Jason for going through this with me a second time and making many sacrifices of your own in the process. Even though we had to move half way across the country, this second time around seemed easier (I hope you agree!). I don't think I could have made this step without your constant love, support, and the fun adventures you cook up along the way.

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## ABSTRACT

### A SHARING ECONOMY BEYOND THE CONSUMER: AN EXPLORATION OF MICRO-RETAIL SHARING ENTERPRISES

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With today's changes in a highly competitive retail environment and increased emphasis on the sharing economy in consumption patterns, there is a need to understand alternative methods used for independent retailer viability. Using new institutionalism, business resource sharing, and retail innovation literature, the study explored the retail activities micro-retail sharing enterprises (MRSEs) engage in, how and why business owners form these businesses, whether MRSEs are a new retail format, and their potential role in sustainable business opportunities. In an exploratory, ethnomethodological approach, I triangulated data sources and collection methods across five MRSEs, each in a different region of the United States, by conducting interviews with MRSE participants, in-store observations, and website text analysis. Using analytic induction, I first detailed the operations and retail mixes of MRSEs, the majority of which used a membership model for vendors to join and sell their products. Thematic analysis then revealed two main themes: the evolutionary path leading to their formation and activities, and the role they play as business incubators for local entrepreneurs. By minimizing financial risk MRSEs can then provide a fertile ground for entrepreneurs to test products, build a customer base, learn new business skills, and gain a support network and locational advantage. The findings provide insight into what I argue is a new retail format, as well as the MRSE model's methods of viability for independent retailers and entrepreneurs, and an extension of the concepts of business incubators and a business-to-business sharing economy.

## Chapter 1: Introduction

Chapter 1 contains the following sections: (a) background of the study, (b) purpose of the study, (c) significance of the study, (d) key terms, (e) role of the researcher, and (f) organization of the study.

### Background of the Study

Two changes in the way goods are consumed have been taking center stage in the media today: the questionable future of brick and mortar retail and the rise of the sharing economy. The first addresses brick and mortar retailers which are under considerable strain, whether large or small, with a massive number of store closings happening nearly every month, as they struggle to keep up with the success and ubiquitous nature of e-commerce options (Abrams & Gebeloff, 2017). For the past 20 years, independently operated locally-based businesses have also faced fierce competition from online retailers and big box chains alike (Lund, Cid, Robicheaux, & Kozlenkova, 2015; Tolbert, 2005; Stoel, 2002).

Despite the seemingly gloomy outlook presented, there is potential for independent and brick and mortar businesses to enter a new era of significance by boosting local economies and community engagement. According to the U.S. Census Bureau (2016), there were over 3.6 million establishments in the 0-4 employee size range in 2014. In addition, according to a Gallup poll, Americans remain confident in small businesses (67%) over big businesses (21%) (Dugan, 2015). Independent retail has a unique opportunity to provide local employment and local wealth, as they are not as likely to move offshore as manufacturing has and continues to do and increased independent retail employment has been tied to increases in civic behaviors from individuals, as well as in a community's social capital (Tolbert, 2005). Small and medium-sized retailers are considered more adaptable and familiar with local needs and

have been shown to come together to cooperate with one another when chain stores infringe upon their market share (Masurel & Janszen, 1998). Others state that an emphasis on building community and connections to consumers is critical to the future of both online and physical store retailers (Sherman, 2017b; Thomas, 2017). There are also signs that independent, brick-and-mortar fashion retailers are currently finding renewed strength through the opportunities afforded by offering “a level of attention and curation [...] that is both valuable and differentiating” while also boosting designers’ sales through close partnerships (Sherman, 2017a).

The second change receiving increased attention is the sharing economy and what it might mean for businesses of all types, as well as consumers. At the same time as physical stores are struggling, an increasing number of consumers are supporting peer-to-peer sharing platforms, such as Uber and Airbnb. This so called ‘sharing economy’ is focused on the opportunity that the Internet provides consumers access to underused goods, while sellers gain value for their underused goods (Botsman, 2015). The peer-to-peer market has also been described more generally by some as platforms that “enable members to monetize not just their possessions, but also their resources, talents and passions” (Andruss, 2015, p. 79). Neither concept, as utilized today, necessarily includes businesses that share operational resources directly with one another, particularly those that do so without the use of an Internet platform. However, Botsman’s broader definition of the *collaborative economy* as, “an economic system of decentralized networks and marketplaces that unlocks the value of underused assets by matching needs and haves, in ways that bypass traditional middlemen” (2015, para. 12) suggests enterprises that engage in sharing, without focusing on the consumer or the Internet. Those retail enterprises that share operational resources will be referred to here as micro-retail sharing enterprises (MRSEs) and are the focus of this study.

## **Purpose of the Study**

The purpose of this study is to gain insight into how and why business owners engage in, form, and shape micro-retail sharing enterprises (MRSEs), and whether MRSEs are a possible new retail format through an analysis of their makeup and retail mix. Additionally, to gain insight into how MRSE participants' values play a role in the above actions. Furthermore, the study seeks to explore whether MRSEs play a potential role in changes toward sustainable business methods.

## **Significance of the Study**

Consumers are becoming increasingly used to sharing cars, homes, and clothing via online sharing platforms, which may cause business owners to increasingly follow suit when it comes to sharing their own business resources. While some businesses share amongst themselves, most sharing recognized today is through formal cooperatives, with anything from supply contracts to equipment to ownership (Dubb, 2016), or formal business networks, with information, referrals, or training (Miller et al., 2006). Little is known about businesses that share resources outside of these formal organizational structures, particularly independent retailers within local contexts. As Runyan and Droge (2008) state, small retailers are often ignored in research or are minimized in importance. With the ever-changing nature of today's retail environment, there is a need to better understand how these sharing retailers form, what encourages them to share resources, how these practices take place, and how those involved view the role of sustainability. Sharing resources, such as space, equipment, and labor, between businesses could be one way to provide competitive advantages for small, independent retailers, while reducing startup costs.

Retailers who share resources with one other, with their focus on collaboration, potential for lower individual start-up costs, and flexible ideas of ownership and

competition, have the potential to address many current issues that exist in today's hypercompetitive retail market (Stoel, 2002; Smith & Sparks, 2000), including the role of the Internet in shifting money out of the local economy (Lund, et al., 2015) and the sustained interest in the sharing economy (Slagen, 2014). Locally owned and operated businesses also have the potential to "create new jobs, increase local wealth, keep dollars circulating in the community, and connect community residents" (Frazier, Stoel, Niehm, & Eckerson, 2013, p. 445). Finally, Bostman, who coined the term *sharing economy*, views businesses that truly adhere to that concept as businesses that are transparent, ethical, respectful, and empowering (2015, para. 6-7). This, alongside the implied reduction in overall production and consumption that sharing resources could provide, means that sharing economy businesses have the potential to lead the way to a more sustainable marketplace. As such, it is important to understand what role sustainability plays in owner-managers' actions and intentions in their business, or indeed whether or not sustainable practices are even a part of the business at all, beyond sharing resources.

The study's findings are expected to provide practical implications to business, government, and academic sectors regarding both the future development of the local retail environment and the potential for sustainable business practices, within a model of resource sharing. It is also anticipated that implications regarding sustainable consumption practices may be revealed. As the literature on micro-retail sharing enterprises is nonexistent at this time, there is much to be learned about what these types of businesses can provide or even how they operate at a basic level. Learning how to successfully implement such a strategy in other struggling businesses, or for new entrepreneurs, could lead a change in how business is done and strengthen the local economy. In addition, having stronger local businesses to choose from, with more efficient practices in action, could lead consumers to see new benefits to shopping

locally. Shopping locally can reduce environmental impacts of online shopping, such as fuel for shipping and the amount of packaging used for an individual order (Cheris, Taylor, Hayes, & Davis-Peccoud, 2017). Having a closer connection to where the products came from can also affect how the consumer values that same product, potentially expanding its lifespan (Clark, 2008).

## **Key Terms**

The concept of micro-retail sharing enterprises (MRSEs) is central to the study and are considered by the researcher as a potential player within a sharing economy. As they appear to be new and few in concentration, they do not appear in academic research. While they have similarities with cooperatives and other collectives, they may be less formalized in their structures or differ in their activities. As a result, no clearly defined term exists at this point. They are potentially a retail format that has borrowed from many models, such as cooperatives, antique malls, and art collectives, while still utilizing aspects of traditional specialty retailers. Thus, I have coined the term MRSE to encompass retailers that engage in sharing resources with other independent retailers or business owners in their community, whether it is labor, materials, space, or equipment. While some MRSEs may share operational resources without sharing space, the focus here will be on resource sharing for those in the same retail space. Their actions and perceptions related to success, business model choice, and sustainability may be due to the owner's own values, the types of resources being shared, or the type of product or service they provide.

A classification of microbusinesses and small retailers tends to change from study to study, from 10 employees and fewer (Gorgievski, Ascalon, & Stephan, 2010; Greenbank, 2001; Smith & Sparks, 2000) to five employees and fewer (Walker & Brown, 2004). The Small Business Administration has also defined microbusinesses "as

employers with fewer than 10 employees” (Headd, 2017), though they even point out that the term does not have one distinct definition. The terms microbusiness and small retailer may even be used interchangeably. In this study, the term ‘micro-retail’ refers to independent retailers who employ five employees or fewer, aside from any owners, in either a full-time or part-time capacity. Another way of looking at a ‘small retailer’ comes from Doody and Davidson (1964), “any organization of one or more stores that is owned and operated by an individual or individuals whose scale of operation allows for close and continuous personal involvement in day-to-day operations at the *retail* level” (p. 70). In other words, they see front-line employees and consumers firsthand on a regular basis and can more quickly and practically respond to the concerns and needs that each might have, as well as other issues that may come up within the store environment. These definitions align with a local brick and mortar retailer who is involved directly with community members, like a MRSE.

This study also approaches the sharing economy as a potential means of change toward more sustainable means of doing business and consuming goods. I approach the term sustainability with the belief that it includes the interacting concepts of environmental protection and socio-economic equity and well-being (Hopwood, Mellor, & O’Brien, 2005). Most business and retail literature tend to view sustainability from a triple bottom line approach or the three Ps of people, planet, and profits, where economic growth is as important as, or more important than, success in social and environmental protections, though all three are measured (Slaper & Hall, 2011). However, this does not address concerns that continuing down a path focused on continued economic growth may not allow for sustained progress in improving environmental and social well-being long term (Fletcher, 2010; Hopwood, et al., 2005). As a result, understanding how these local retailers define their success can be valuable.

## **Role of the Researcher**

In a qualitative research study, the researcher plays a significant role as the research instrument, or central agent in analysis (Lofland, Snow, Anderson, & Lofland, 2006; Merriam & Tisdell, 2016). It is the job of the researcher to translate visual and other sensory observations into description through field notes and then inductively interpret the words from field notes, interview transcripts, or documents. As such, the relationship between the researcher and the data is “highly interactive” (Lofland, et al., 2006, p. 196). Thus, it is important for the researcher to remain reflexive about their role in the research process.

Throughout the study I maintained a reflexive journal to better understand my own positioning and attempt to maintain a balance of etic and emic perspectives to the overall topic, as well as analysis. Chapter 3 further discusses the journal process and purpose utilized throughout the study. As someone who has long supported locally-based independent retailers and been a proponent of sustainable change, I was stunned the first time I realized I was in what I refer to in this study as a MRSE. I thought, “here it is! This might be the perfect marriage of my two passions,” but needed to know more about how these businesses even behaved at all, before I could understand their sustainable impacts. In this way, I started down this path of research over the course of my doctoral student career.

## **Organization of the Study**

The dissertation is organized into five chapters. Chapter 1 presents background, purpose, significance, and research assumptions of the study. Chapter 2 presents relevant theories and literature, including organizational resource sharing, the sharing economy, retail mix and innovation, approaches to sustainable action, new institutionalism, and basic values theory. Chapter 2 ends by presenting specific research

questions. Chapter 3 discusses sampling, methods of data collection, analysis, and rigor. Chapter 4 presents the research findings and major themes. Finally, Chapter 5 summarizes the findings and concludes the study with a discussion of practical and theoretical implications, research limitations, and future research directions.

## Chapter 2: Literature Review

Chapter 2 contains the following sections: (a) organizational resource sharing, (b) the sharing economy, (c) retail mix and retail innovation of independent and small retailers, and (d) theoretical frameworks, including approaches to sustainable action, culture as toolkit and new institutionalism, and Schwartz's basic values. These are followed by a summary of the literature and the study's research questions.

### Organizational Resource Sharing

With the idea that the acquisition of resources is often more important than owning a resource for small or entrepreneurial businesses, sharing and borrowing within and across businesses can be critical. As such, collaboration and sharing of resources is not a new topic in business and entrepreneurship literature. It can include both informal linkages between shop owners or formal linkages within cooperatives or business associations (Smith & Sparks, 2000). Much research has been done on collaborative business relationships where topics can include bootstrapping, collective entrepreneurship, cooperatives, business associations, or business incubators. While these each signal a distinctive concept, they all have some element of sharing or accessing resources that may not have been available to an entrepreneur or owner at a particular point in time.

The types of resources being shared can vary widely in any particular sharing arrangement. For instance, within business associations, there is evidence that sharing has often emphasized only non-material resources, such as those related to marketing or networking, and have had less engagement in sharing physical resources or labor (Miller et al., 2006). Whether a network is formal or informal can also have an effect. With formal networks, there are typically parameters around who can become members, how accessible entry is for community members, or how transparent their activities are

(Miller et al., 2006). Informal networks are less rigid and typically involve one-to-one interaction around an idea of personal support or exchange. These terms for entrepreneurs' networks are sometimes also labeled inter-organizational vs. social or personal (O'Donnell, Gilmore, Cummins, & Carson, 2001). A study by Miller, Besser, & Weber (2010) showed that networking activities can provide both economic and social benefits for small locally-based retailers.

**Bootstrapping.** In the more traditional business literature, 'bootstrapping' is a concept used to describe the process of acquiring resources as a small or new business. The term, defined as methods used "to meet the need for resources, without relying on long-term external finance" (Winborg & Landstrom, 2001), includes sharing and borrowing equipment, space, or labor alongside other techniques. Studies have in fact found that social networks can be vital to determining the types of bootstrapping activities in which business owners engage (Winborg & Landstrom, 2001; Jones & Jayawarna, 2010; Malmstrom, 2014). However, some contradiction exists as to how social networks may be used. In fact, Grichnik, Brinckmann, Singh, and Manigart (2014) found that new entrepreneurs in their Austrian and German study were less likely to draw on their strong networks for resources, instead they would prefer going to weaker ties first. This may be an interesting nuance regarding fledgling entrepreneurs, or it may be related to their sample of entrepreneurs who were engaged specifically in business plan competitions. Grichnik and fellow researchers (2014) posited that it may relate to the fact that strong ties may not be related to their business environment at that stage, as well as an interest in reducing financial risk for or personal conflict with close connections. For the current study, a downtown retail environment or a flea market may be more likely to consider neighboring businesses as closer ties, and they would expect them to have benefits and connections to others relevant to their own retail venture, thus the type of business may also affect which ties the owner goes to for resources.

In Jones and Jayawarna's 2010 study of 211 entrepreneurs in the UK within their first four years of business, researchers looked specifically at an entrepreneur's social capital as it relates to accessing resources. Their study found that those with strong social ties were more likely to engage in joint utilization techniques, which include sharing and borrowing employees, space, and equipment. On the other end, those with weaker social ties were more likely to engage in negotiations with their suppliers or customers to receive better terms for acquiring resources (Jones & Jayawarna, 2010). Interestingly, the type of resource sharing retailer in the current study would likely exist somewhere in between these two extremes. For independent retailers within a specific business district, social ties could include retail neighbors or competitors. Regardless of which type of bootstrapping and social networks an entrepreneur used, Jones and Jayawarna (2010) did find that the use of such bootstrapping techniques overall did significantly improve business performance.

Winborg and Landstrom (2001), in their study of 262 Swedish small business managers, found that sharing employees or equipment were some of the least used bootstrapping techniques, with only 8% of sample using each. On the other hand, borrowing equipment from other businesses was used by 42% of their sample (2001, p. 243). Researchers posited that borrowing may be more popular because it places the least financial strain and responsibility on the borrower, as compared to ongoing resource sharing. Interestingly, businesses more likely to be joint utilization, and likewise relationship-oriented, bootstrappers were more mature with less growth and a lower need for financial aid, typically located in small towns (Winborg & Landstrom, 2001). These relationship-oriented bootstrappers focus externally more than others and build personal relationships to acquire resources (p. 248). However, Grichnik et al. (2014) found that older entrepreneurs were significantly less likely to use resource sharing strategies compared with younger entrepreneurs. This discrepancy may be due to the

different population sampled or the different time period under study. In addition, men were more likely to engage in the joint utilization technique of shared resources than women, though men were not more likely to use temporary borrowing (Grichnik et al., 2014).

Malmstrom (2014), in his survey and interview study with Swedish small manufacturing entrepreneurs, categorized bootstrapping behaviors into three types: quick-fix, proactive, or efficient bootstrappers. Those who engaged in sharing, borrowing, coordinating purchasing, or bartering with other businesses fit into the proactive bootstrapper category, due to the fact that these activities are more likely to take time to plan and initiate (Malmstrom, 2014). The resources borrowed, rented, or bartered for included marketing skills, vehicles, office space, and machine time. Malmstrom also discovered through interviews, that the proactive bootstrappers relied on their social networks to enact these techniques, which meant that a certain amount of trust must be established, but also allowed them to spend little or no money on gaining access to these resources. The costs involved in the exchange were more likely to involve social obligations or 'returning the favor.' The main difference between quick fix and proactive is that proactive bootstrappers seek to maintain an ongoing relationship with those that can provide solutions, while quick fixers seek to remain autonomous and reactive. Proactive bootstrappers do not just beg it when they need it, but have a more formalized structure in place to reciprocate resource accessibility (Malmstrom, 2014).

Bootstrapping provides useful insight into how traditionally-modelled businesses may still engage in cooperative relationships with other businesses. The motivations and benefits described in literature provide a baseline for understanding what a more formalized sharing environment could provide to those participating in a MRSE. In addition, while some have previously argued that bootstrapping techniques were a result of an entrepreneur's environment, Grichnik, et al. (2014) found that the techniques can

be very much focused on an individual's choice within the opportunities possible within their environment, much like Swidler's concept of the cultural toolbox (1986). In the case of a MRSE, it could be argued that sharing takes more planning and time up front, as described by Malmstrom (2014), but then the MRSE itself reduces the need to plan and spend time arranging ongoing sharing by formalizing it in a particular space or alliance. To better understand how an organization of multiple businesses addressing both access to resources and social change might be formed, cooperatives must be discussed.

**Cooperative organizations.** Cooperatives, or co-ops, are the most prevalent form of entrepreneurial collaboration today and one that has a long history of practice, and consequently much literature on their form and function (Nelson, et al., 2016). Cooperatives self-define as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise" (International Co-operative Alliance, n.d.). They have also been described as, "businesses owned by their members and in which profits are shared on basis of patronage, not capital share" (McLaren & Agyeman, 2015). The cooperative business model, in use in the United States and the United Kingdom since the mid-nineteenth century, engages in sharing information, marketing, and other resources between members. This sharing has often included both material and non-material resources (Dubb, 2016; Stoel, 2002).

Co-ops vary in who the members are and what those members receive, from worker co-ops to consumer co-ops (Dubb, 2016). Two forms in particular share resources in a way that might be seen in MRSEs: producer co-ops and purchasing co-ops. Producer co-op members, most common in agriculture, share resources to successfully market and compete against larger companies (Dubb, 2016). Purchasing co-op members come

together to better negotiate contracts along supply chains to again help independent businesses remain competitive (Dubb, 2016).

Stoel (2002) also emphasizes the need for independent retailers to work together collaboratively, particularly as retail cooperatives, to remain viable in a hypercompetitive market. When independent retailers come together and cooperate “voluntarily to build scope and scale advantages,” they create a retail cooperative (Stoel, 2002, p. 16), which is a form of purchasing co-op. In addition, cooperatives that pool or trade resources can reduce individual organization costs, increase knowledge, provide a unified message to multiple constituencies, and provide a more effective means of driving policy change. In addition, the sharing of resources can bring together diverse voices and perspectives which in turn better represent the communities in which they work and increase the organization’s credibility within the community (Montgomery, et al. 2012).

Stoel (2002) cautions though that to remain effective, cooperatives must allow retailers a certain amount of individual independence, particularly around decision-making. Group identification and group norms, within the cooperative, must be delicately balanced against retailer independence, if members want to realize the competitive advantages of both entrepreneurial flexibility and shared resources. In purchasing collectives, a Dutch study of 224 businesses (Schotanus, Telgen, & de Boer, 2010), found that for them to successfully manage such a group, they should strive for equally-committed members and provide clear communication and internal support to encourage lasting commitment. In addition, it was beneficial for members to join with similar objectives and activities in mind for the whole group, while ensuring that costs and pricing were fairly set regardless of members’ size or purchase volume (Schotanus, et al., 2010).

In a study of Dutch small and medium sized retailers, or SMEs, (Masurel & Janszen, 1998), researchers found that more retailers participate in commercial

cooperatives when market concentration is high for their sector, meaning when there are more chain stores in their sector or the market is consolidated under fewer stores overall. While this relationship was significant for SME retailers overall, when looking at individual sectors, the apparel, accessory, and beauty sector did not show a significant relationship (Masurel & Janszen, 1998). While the authors did not make this conclusion specifically, one can posit this may be in part due to the lack of cooperative structures in place for this sector. The food sector had the strongest relationship, which has a long-established history of cooperative retailers. Reijnders and Verhallen (1996) studied 451 Dutch menswear retailers and discovered that stores allied with purchasing and selling retail cooperatives outperformed non-cooperative retailers when it came to store sales. This may also have been a result of cooperatively-aligned menswear retailers knowing more about the market environment and their own businesses, more actively engaging in marketing activities, and providing a wider product and service assortment to their customers (Reijnders & Verhallen, 1996).

Finally, cooperatives in the United States have a long history of advocating for social and environmental justice, whether as worker cooperatives at the height of the Industrial Revolution or the collective living and working groups that took off during the political and social unrest of the 1960s and 1970s (Curl, 2012). This is still evident in the manifestos under which many international and national cooperative groups form. As mentioned, shared values are a critical piece of many cooperative groups and typically include aspects of equality and ethical behavior (International Co-operative Alliance, n.d.) or even explicitly state that they “seek to alleviate poverty through economic and social empowerment” (National Cooperative Business Association, 2017, para. 2). Cooperatives that follow these tenets may be included within the reformist or transformationist approaches to sustainability, described in the theoretical approaches below.

**Business incubators.** There are an increasing number of locally-based organizations that share space, equipment, and/or programming with members, alongside a unified vision to their community. These can take the shape of makerspaces, which will be discussed as part of the sharing economy, such as the Steel Yard in Rhode Island (n.d.) or the Hammerspace Community Workshop in Missouri (n.d.), which provide not only space, but community outreach programs, skilled craft training, and specialized equipment. This has also become popular in the local food industry, where business incubator spaces are popping up to provide financial and marketing assistance for local food startups as well as shared commercial kitchen space and demo areas (Hope & Main, n.d.). In Missouri, the Saint Louis Fashion Incubator provides similar support and space for new designers to grow their businesses and boost the local economy (Saint Louis Fashion Fund, n.d.). Business incubators in particular have been around for many decades, though they really took off in the 1980s (Bruneel, Ratinho, Clarysse, & Groen, 2012; Hackett & Dilts, 2004). Business incubators are shared spaces providing an intervention system of business assistance that “controls and links resources with the objective of facilitating the successful new venture development of the incubatees while simultaneously containing the cost of their potential failure” (Hackett & Dilts, 2004, p. 57). In Hackett and Dilts’ 2004 extensive review of literature, they do note the importance of incubators not only for the incubatees, but also for surrounding communities’ economic development, though only within a larger development strategy.

While early incubators focused more on providing space and business services to its member companies, they have changed over time to include a focus on more intangible attributes related to knowledge and networking (Grimaldi & Grandi, 2005; Bruneel, et al., 2012). Nevertheless, they can provide a wide range of services, from office space and administrative services to financing and technical laboratories and

equipment to networking opportunities and business mentoring and training (Campbell, 1989; Grimaldi & Grandi, 2005; Chan & Lau, 2005; Bruneel, et al., 2012). Grimaldi and Grandi (2005) present four incubator types, related to their defining characteristics such as, institutional mission, sector and market of focus, physical location, incubation period, sources of revenue, services offered, and level of involvement of a management team. These four types are public incubators, university incubators, private independent incubators, and private corporate incubators. While public incubators were more common in the 1980s and 1990s, where they came out of economic revitalization programs and government initiatives, in the late 1990s and 2000s more private incubators started with an eye to tech innovation and acceleration (Grimaldi & Grandi, 2005). While private incubators have grown, many incubators are still non-profits that have ties to public funding and local or regional initiatives (Hackett, & Dilts, 2004).

Chan and Lau's (2005) qualitative case study investigated six tech start-ups in Hong Kong incubators to understand what attributes of incubators were of most value to start-ups. Space and cost were of the highest importance for those ventures who joined incubators, and administrative and equipment support were also highly used. However, there was less interest in networking and publicity efforts. Finally, in the early stage of ventures, business mentorship was valuable to tech start-ups, since they tended to be less knowledgeable about that area. However, they were less interested in seeking mentorship on topics within their own area of technical expertise or innovation, as they were concerned about ideas being taken (Chan & Lau, 2005). Other research confirms the importance of space and business consulting services for incubatees (Hackett, & Dilts, 2004). In a multiple case study of seven incubators across northern Europe (Bruneel, et al., 2012) researchers also defined the three main value propositions that incubators provide as economies of scale through: 1) shared physical resources, 2)

coaching and training, and 3) the external services provided by tapping into institutionalized networks.

In Peters, Rice, and Sundararajan's (2004) study of 49 U.S. incubators, fairly evenly split between non-profit, university-based, and for-profit models, the researchers looked at the role infrastructure (facilities and physical resources), coaching (workshops), and business networking have on the graduation rates of incubatees. Those that offered education and training opportunities, listed as coaching, produced significantly more graduate ventures, while business networking showed marginal significance. The types of physical resources available showed no significance. Thus, learning new skills and information and having network opportunities available seem to be most important to new ventures based on their study, which somewhat contradicts other studies which put physical resources and space first (Bruneel, et al., 2012; Chan & Lau, 2005; Hackett, & Dilts, 2004). A study of 84 members of a Dutch business incubator specifically looked at the role of collaboration and networking (Nijssen, & van der Borgh, 2017). They found that the amount of time the member spent in the incubator increased their level of collaboration with others in the incubator and the use of formal networking services. However, if members are highly socialized in an informal way with other members, they are less likely to use the formal networking opportunities provided. That informal socialization also helps new members recognize the norms and routines of the organization and better benefit from it. Overall, researchers found that internal cooperation among members did lead to growth for the ventures (Nijssen, & van der Borgh, 2017).

**Other forms of organizational collaboration.** Other organizational relationships exhibit aspects of cooperation, while not engaging in the formal membership and structure that a cooperative utilizes. Shared entrepreneurship is a broader term applied to businesses that empower both internal and external

stakeholders to participate in development, direction, innovation, and sometimes even ownership (Shipper, Manz, Nobles, & Manz, 2014). It includes the characteristics of shared goals, leadership, and collaboration, as well as an overall increased sense of freedom and responsibility for employees to question ideas and practices, develop new processes and products, and access information (Shipper, et al., 2014). The authors argue that through this empowerment, changes toward ethical business practices, increased innovation, adaptability to market changes, and overall competitiveness are possible.

When considering the collaborative relationship itself, Julkunen (2016) investigated cooperation between independent retail chains and a head company to better understand how sharing resources affected their collaboration. She found that when entering and maintaining a cooperative relationship, trust, shared goals, control, individual business satisfaction, and the satisfaction of customers were all critical to the development and continuation of the relationship. In fact, when meanings of resources changed over time, having shared goals strengthened trust and power sharing between the cooperating entities (Julkunen, 2016). Interestingly, the study showed that consumer expectations were a critical aspect of developing future collaborations, and as such, the members of the collaboration considered their future individual success as a major reason to engage in or continue the relationship. Thus, collaborations between independent owners in this study may likewise be based in part on meeting customer needs and ensuring customer satisfaction, and in turn increasing their success.

Yan and Sorenson (2003) found that collaboration, diversity of views regarding what must be done and how to accomplish it, and a reduction in relationship conflicts are most important to building team, or collective, entrepreneurship within family businesses and can be encouraged through relations-oriented and participatory leadership approaches. Collective entrepreneurship involves pooling team members' skills,

creativity, knowledge, and experience to increase their ability to confront challenges and meet the demands of customers (Yan & Sorenson, 2003). While this study looked at the concept within organizations, it still provides a basis for understanding how a team or collective mindset may develop between independent owners that may wish to engage in collaboration as a united front. It may also provide a better understanding of how collaboration is managed within a single retail space that brings together many independent sellers. The one challenge in this approach is the concern that building a collective entrepreneurial spirit may sacrifice the individual entrepreneurial mindset that is common in many small companies (Yan & Sorenson, 2003). Stoel (2002) mirrors this concern for strongly independent retailers who are considering joining a cooperative.

At the same time, cooperation can become a necessity in certain market situations, such as bazaars. In Varman and Costa's study of Indian bazaar vendors (2009), cooperation became a critical part of relationships between competitors in the market in order to create a more stable environment that reduces uncertainty or instability. In their case, cooperation included "sharing products, information, finances, and suppliers" (Varman & Costa, 2009, p. 463). The vendors also did not want to engage in outright clashes with one another, because it would be a detriment to the overall good of the market. Thus, they tended to pressure new or deviant vendors into similar arrangements to maintain stability.

There are additional benefits for organizations or business owners engaging in collaborative relationships, even for those that do not directly reduce operational costs. These enterprises can be a means of anchoring and democratizing community wealth (Dubb, 2016). They can also provide competitive advantages in a volatile or hypercompetitive market (Shipper, et al., 2014; Stoel, 2002). On the other hand, there remain challenges to the notion of these non-traditional business types. There is ambiguity in communicating organizational identity, both internally and externally, as well

as a struggle to develop and implement organizational standards and procedures in a global economy that is built around capitalism (Nelson, et al., 2016).

The business literature described suggests that sharing resources within or across small businesses is not a new concept. However, I argue that there is a growing interest today in sharing beyond information, marketing, or traditional business alliances, which has been popular in recent decades. Sharing space and other physical resources are increasingly attractive again as they nudge up against the current focus on the sharing economy.

### **The Sharing Economy**

Collaborative consumption, as described by Botsman and Rogers (2010) in their seminal work, is a “promising economic and social mechanism that starts to balance individual needs with those of our communities and planet” (location 1266). This trend is also widely referred to as the sharing economy. While the introduction to the term attempted to include businesses that may share with one another (Botsman & Rogers, 2010), the majority of the companies and research that have resulted from it are focused on the role of individual consumers sharing unused or little-used resources in a peer-to-peer (P2P) marketplace (Andruss, 2015; Böcker, & Meelen, 2017; Botsman, 2013; Hamari, Sjöklint, & Ukkonen, 2016). In addition, the concept has largely focused on the role of the Internet in providing the necessary platforms and level of ease and trust needed to successfully enable widespread sharing. As such, the earliest recognized, and most well-known, examples fitting into this category are the online businesses Craigslist and ebay. They started in the mid-1990s, at a time when consumption was reaching a previously unheard of high point and large quantities of unused goods were beginning to accumulate for consumers. Thus, the recirculation of goods was

conveniently married with the new technologies available for publicly available online exchange (Schor & Fitzmaurice, 2015).

Over time, “sharing-based businesses have evolved from simple peer-to-peer lending initiatives to complex platforms and networks of people and companies interacting for the collective use of extant or new resources” (Muñoz & Cohen, 2017, p. 21). The sharing economy today encompasses four different practices and can be formulated as for-profit or non-profit entities (Schor, 2016). First, it includes the recirculation of goods, described above. Second, services like packing and yardwork can be exchanged or sold through platforms such as Craigslist and TaskRabbit. Third, it can increase the use of durable goods like cars or homes through rental platforms like Turo (formerly RelayRides) or Airbnb. Finally, it includes the sharing of productive, or business, resources. This last is most applicable to this study. It is also the practice most often left out of discussions of the sharing economy.

Though the emphasis has remained on P2P platforms over the sharing economy’s brief history, there are some notable examples of business-to-business (B2B) sharing organizations, sometimes referred to as business-to-peer (Schor, 2016) or “collective economy” businesses (McLaren & Agyeman, 2015). I will use B2B in describing this intention going forward though, as the other two terms may lead to confusion with other concepts. An example of a B2B sharing organization includes makerspaces that collectively organize and gather around the sharing of space, knowledge, software, and equipment for artists, programmers, engineers, and community members thereby making resources available to a wider group. Another is the online platform Floop2 which allows businesses to share or rent resources, from equipment to labor, with other organizations in their network or community (Floop2, n.d.). As P2P sharing platforms have taken off, some have called for increased emphasis on these B2B opportunities to fulfill the potential social and economic change

of the sharing economy (Slagen, 2014). McLaren and Agyeman (2015) even argue that a different, broader term, such as “sharing paradigm” should be used to be more inclusive of other sharing opportunities that do not neatly fit into what has been termed the sharing economy. In fact, their B2B concept of “the collective economy” as commercially-motivated, informal sharing with community members that does not utilize third party platforms locates it within a larger sharing paradigm, splitting it off from the sharing economy. Thus, makerspaces could be considered a part of the “collective economy” while Floop2 might still be labeled the sharing economy, since a third party is involved.

In their review of 36 sharing businesses, Muñoz and Cohen (2017), were able to categorize these businesses into five business models according to the attributes of governance, mission, funding, technology, resources, and peer-to-peer interaction. While four of the five focused on the use of technology and platforms to facilitate sharing, one did not. Their business model IV was based on the sharing of physical space outside the use of online platforms. These were locally-based under a membership model, specifically focused around the idea of supporting new entrepreneurs. They included primarily coworking and shared commercial kitchen organizations (Muñoz & Cohen, 2017). In addition, various types of physical cooperatives may be considered B2B sharing organizations to some (McLaren & Agyeman, 2015; Schor, 2016). However, the way cooperatives traditionally organize may not be considered by all as a part of the sharing economy, due to their lack of focus on wider sharing through online platforms. Thus, there may be some debate as to whether a retail collective without an expanded sharing initiative or online platform would be considered a part of the sharing economy. They may in fact be part of McLaren and Agyeman’s collective economy.

As mentioned, the sharing economy was initially conceptualized as a means of marrying economic, social, and environmental initiatives into a new business form (Botsman, 2015; Daunoriene, Draksaite, Snieska, & Valodkiene, 2015). The sharing economy as a means to redistribute goods, increase use of durable goods, or share business resources, provides some clear environmental benefits. First, it reduces the environmental impact of creating enough products for each business or individual to own one or more of an item. It also reduces the impact that disposing of that many goods creates, both because fewer exist, but also because if a little-used item finds new value and use, it will not be viewed as disposable to the owner quite so quickly. Botsman (2015) believes that businesses within the sharing economy are obligated to create collective identity, empowerment, and benefits to their community (para. 9), thus emphasizing social initiatives.

People participate in sharing platforms for economic, social, or environmental motivations (Böcker & Meelen, 2017; Schor, 2016), the same founding principles of the concept, and all critical to sustainability as described by Hopwood, Mellor, and O'Brien (2005) within the theoretical section below. Economically, people may participate to increase their access to a product they could not otherwise afford; socially, they may participate to build community ties; and environmentally, they may participate to reduce the sheer quantity of goods produced and consumed. As Böcker and Meelen (2017) found in their survey of 1,330 Dutch consumers, these motivations can differ based on whether someone is a user or provider of the product, as well as what type of product it is; in addition, a person's income level, gender, and age can predict whether someone is more likely to engage for social, environmental, or economic reasons. For instance, women were more interested in participating for environmental reasons and younger and lower-income consumers were more interested in participating for economic reasons (Böcker & Meelen, 2017). According to Hamari et al. (2016), in their European survey of

168 sharing platform users, consumers tend to participate in these peer-to-peer sharing activities for extrinsic financial benefits, as well as the intrinsic enjoyment of engaging in the activity. Sustainability concerns seem only to be a motivator when combined with either financial or enjoyment factors. In addition, consumers tend to view the idea of collaborative consumption favorably, but do not necessarily go on to engage in it, indicating there may be an attitude-behavior gap (Hamari, et al., 2016).

Nevertheless, there are some concerns as to whether all of these motivations and potential benefits may even be actualized in the sharing economy as it stands now, or as it continues to mature and grow. For example, having greater access to single user vehicles through ridesharing businesses can increase pollution if people turn to those over public transportation options (Schor, 2016). Socioeconomically speaking, people can end up turning to sharing businesses as their primary source of income, when it remains a volatile alternative that may change as regulations are put in place or profit-focused sharing platforms alter their pay structure without consulting providers (Schor, 2016). This puts people in a vulnerable situation where they have to fight for the value of their own good and/or time. As the sharing economy has grown, governments and organizations have struggled to determine what regulations around insurance, labor conditions, or taxation should be put in place for these businesses that begin rather organically outside of typical economic markets (Schor, 2016). Finally, when sharing occurs primarily through online platforms, there is little opportunity for social connections to be encouraged, making it hard to foster what is a motivation for some users.

Schor (2016) presents some possibilities for addressing these issues. First, forming cooperatively owned sharing businesses; second, allowing the organization of providers within and across sharing platforms; and third, situating sharing practices within towns' or cities' larger initiatives toward environmental protection and socioeconomic justice (Schor, 2016, p. 19). Non-profit sharing organizations can also put

the focus back onto the socioeconomic and environmental benefits of sharing for individuals within a community, rather than the economic benefits for a select few within a corporate, profit-focused platform (Schor, 2016). As Scaraboto (2015) found in her study of collaborative production and consumption, market-based exchanges such as monetary exchange or bartering are perceived as most beneficial to the individual or organization, while nonmarket exchanges involve interdependence between parties and provide mutual respect and shared benefits, thus leading to stronger social ties.

Additionally, there is some concern that economic motivations are not the only, or primary, way that we should even think about sharing. A focus on business innovation or profit are not always the most important aspect. As McLaren and Agyeman (2015) state, sharing also “recognizes the centrality of fairness to individual motivation and to social solidarity” (p. 120). Thus, they put emphasis back onto social justice and looking at unconventional economic markets, much like a transformationist (Hopwood, et al., 2005) would view sustainable development. Thus, even within the sharing economy itself, there exists this debate about the mapping of social, economic, and environmental aspects of their models, much like the debate around sustainability that Hopwood, et al. (2005) present in the theory discussed below.

Finally, while collaborative consumption has been heralded as the wave of the future by many, there is no easy way forward in shifting long held consumption behaviors. Even though many believe millennials’ interest in apps and new experiences, and their digital native status make them prime candidates for the sharing economy (Godelnik, 2017), there remains hesitance for millennials when considering giving up the concept of ownership-based consumption. Godelnik (2017) found that, when engaged in a challenge to purchase nothing and only gain access to items through sharing, U.S. millennials were interested in the idea of sharing, but still uncomfortable giving up their prior shopping habits. However, the participants appeared to be more interested in

sharing with people they know, rather than building trust with others to continue sharing beyond that immediate circle. This may be important to the current study, when consider how the individuals participating in MRSEs are sharing, whether only in their local environment and thus their preference for the MRSE model, or whether they also try to find sharing opportunities through wider online platforms.

Within the fashion industry, online clothing rental businesses, such as Rent the Runway have taken off, though they are not peer-to-peer focused. Nevertheless, they do stress the central importance of “access is the new ownership” in the conception of their business model (Rent the Runway, 2016). Thus, there is some question as to whether collaborative consumption is well-suited to this industry. While clothing items are often low use, which makes them appear to be a match for sharing, peer-to-peer fashion platforms are struggling to attract enough users to provide an adequately attractive inventory (Pike, 2016). The logistics of cleaning and safely transporting items in a cost-effective manner is also challenging to manage, as well as the need to constantly provide inventory that meets current trends (Pike, 2016), both of which affect environmental impacts of the model. Additionally, there could be concerns that shipping single dresses or pants out on a quick turnaround will only increase the carbon footprint per garment. Thus, brick-and-mortar retailers may have the ability to provide overall more sustainable option for sharing fashion goods.

MRSEs have the potential to address many of the negative possibilities of the current sharing economy’s trajectory. First, MRSEs are embedded in the local economy and may not look to expand to a massive group of disconnected users and providers. They also keep the jobs, providers, and consumers local, which would encourage social engagement, for those motivated by that attribute. At the same time, they maintain physical retail space, beyond any existing online activity, that can bring people together face-to-face and provide event opportunities, both of which encourage social interaction

and community building. Environmentally, they reduce the energy output for a store space by providing a number of business owners' products in one space, and also reduce the energy output for consumers traveling to shop. Having a wider variety of merchandise means the consumers may be more likely to find what they need in one stop, rather than making multiple stops. Finally, MRSEs may use a model similar to the cooperative that Schor (2016) hails as one way that sharing businesses can keep providers and users as the primary stakeholders and power-holders, rather than impersonal corporate platforms focused principally on profit. One physical space B2B sharing concept has grown in recent years: coworking.

**Coworking.** Sharing space has been one of the most popular methods of sharing business resources since the early 2000s. Not only are makerspaces and business incubators popping up in towns and cities, as discussed prior, entire buildings are now being turned into well-equipped shared workspaces for independent professionals or small businesses to use as office or meeting space. In the Saint Louis area alone, there are multiple examples when doing a simple online search, including the BHIVE and Nebula (The BHIVE, 2015; Nebula, 2017). This phenomenon is referred to as coworking. The existing literature on coworking varies from organizational to architectural disciplines. Much literature related to sharing office resources focuses on desk sharing within an organization or software sharing, though there is a fast-increasing number of articles focusing on individuals or businesses sharing space across organizations, or coworking, much of it within the past five years. This trend overall is attributed to the growth of the knowledge economy and an increased reliance on intellectual capital (Leclercq-Vandelannoitte & Isaac, 2016). Coworking spaces are arguably the most visible and growing business-to-business (B2B) sharing organizations in cities and in academic research today.

Coworking spaces provide office and meeting space alongside other amenities, such as Internet, kitchen space, and the necessary office furnishings. In addition, they are often described by owners, researchers, and coworkers as involving a social element or community, whether it's simply to avoid isolation or to actively seek out brainstorming or business partners (Spinuzzi, 2012; Gandini, 2015; Gerdenitsch et al., 2016; Leclercq-Vandelannoitte & Isaac, 2016). However, there are many additional reasons for engaging in coworking, from providing a professional atmosphere to meet clients, to increased flexibility on when and where to work, to a quiet space to stay focused (Spinuzzi, 2012). In addition, some may prefer the ability to build their own independent work culture outside of the corporate realm (Leclercq-Vandelannoitte & Isaac, 2016). Some coworkers prefer social interactions across sectors or within their own sector, while others just want to get their own work done. As Gerdenitsch et al. (2016) found in their survey of German and Austrian coworkers, social interactions in these spaces sometimes lead to social support networks and collaboration, though not always.

In particular, one extensive study by Spinuzzi (2012) looked at nine coworking spaces in Texas to understand what coworking spaces meant both for proprietors and coworkers, in addition to what their motivations to work there were. There were some contradictions between proprietors' and coworkers' expectations and motivations. For the coworkers, many of them split into two camps, those that were parallel workers and those that were collaborators (Spinuzzi, 2012). Parallel workers, or good neighbors, wanted to use the space for serious individual work and client meetings, while building trust and neighborly relations with those around them. Collaborators, or good partners, used the spaces to build networks and tackle problems together, and rarely met with clients in the space. Parallel workers tended more often to be small business owners that worked in direct contact with consumers, which aligns more readily with the retail

environment to be studied here. It is interesting to consider though, that those coworkers in consumer-facing businesses were less likely to engage in business collaborations. This could be one challenge to the emergence of more MRSEs, if it is a mindset that continues outside of this coworking study.

In fact, Brinko, Nielsen, and van Meel (2015) developed a typology of sharing spaces for European, Australian, and US examples that recognizes these differences across the types of people participating and their expectations. While they take the concept of shared space beyond simply coworking to municipal and facilities management companies, it remains relevant as many owners of coworking spaces do rent their buildings to other associations or community events beyond their coworking clientele (Spinuzzi, 2012). In their typology, Brinko et al. (2015) utilize the factors of what, when, why, who, and how a space is shared in order to categorize the space. The types of space sharing can range from sharing a specific workspace within a semi-closed community to sharing buildings across users in a network of buildings. Communities engaged in sharing can be closed to public users, open to select users, or completely open to the public and the activities that take place within can be extremely limited or across many different purposes (Brinko et al., 2015). In general, though, most of the spaces in their review were shared to reduce costs and optimize space, while some were used to encourage collaboration.

Overall, coworking has some interesting parallels with what a MRSE entails, specifically regarding social networking, trust building, cost savings and lower entry costs per business. However, coworking does have potential challenges that should be taken into consideration when developing this study. Most importantly, there is concern that this is a temporary fad that is too focused on being 'hip' or 'cool' while encouraging impermanence and a lack of stability for the individuals who are using the spaces (Gandini, 2015). Perhaps MRSEs can be one way that this type of model can provide

increased stability, as it combines a more traditional business form with a set place and retail customer base with this newer concept of collective good and shared resources across independent businesses, as seen in coworking. In addition, space sharing and coworking are sometimes looked at as a sustainable option for businesses (Brinko et al., 2016), as it has the potential to reduce the carbon footprint of the business and the employee, which provides some background for sustainability within a MRSE that shares space. Looking at literature on small and independent retailers will give a better view of how these concepts may overlap.

### **Retail Mix and Retail Innovation of Independent and Small Retailers**

Lazer and Kelley (1961) originally presented the retail mix as a combination of goods, communication, and distribution that defines what a store offers to its customers, and “embodies the adjustment of the retail store to its market environment” (p. 37). Overtime, these categories have become more specific and are known as either place, product, price, and promotion, or as location, merchandise, pricing, and communication (Berman, Evans, & Chatterjee, 2018). As Sorescu, Frambach, Singh, Rangaswamy, and Bridges (2011) describe in their conceptual research on retail model innovation these retail mix components play a large role in determining the retail format and subsequent activities. They define the retail format as “the structures for sequencing and organizing the selected retailing activities into coherent processes that fulfill the customer experience” (p. S5) and the retail activities as “acquiring, stocking, displaying and exchanging goods and services that fulfill the customer experience” which are guided by the retail format (p. S6).

Other research has looked at the role the retail mix and other factors play in determining independent retail strategies and retail innovation. As Megicks (2001) found when studying strategies used by 406 independent retailers in rural UK towns, those

who actively strategize means of success and growth “use combination strategies, thereby crossing the dimensions of established generic alternatives” (p. 324). All active strategy retailers in the study, regardless of what retail category they fit into, sought differentiation and focus in their service and merchandise offerings, as well as pursued new market areas. In addition, Megicks created five clusters of retail types within the larger independent sample, based on their strategic approaches. The specialist group is closest to what is known about the MRSE and is described as having “a strong emphasis on merchandising their range and providing high levels of service and unique, quality products” (Megicks, 2001, p. 322). They focus less on the promotional or low-price aspect of the retail mix and grow through diversification instead. This aligns with other literature on the strategies of independent retailers. For instance, in a study looking at the effect of the presence of discount retailers on the strategies of 190 Minnesota independent retailers, researchers found that a niche merchandise strategy was typically the main approach to competing with discount stores (Lee, Johnson, Gahring, & Lee, 2008). And while the study had tested the presence of discount retailers on the owners’ view of how hostile the business environment was, it turned out that how likely they believed customers’ patronage of local independent businesses to be was more important in defining hostility for these stores. Thus, customer engagement and customer support were more important than competing with big discount stores at that point in the retailers’ existence.

In Megicks (2007) later research on 305 independent retailers across rural UK towns, he identified seven operational strategies, four of which focus on merchandise quality, uniqueness, range, or brand. The others involve sales promotion, online and direct marketing, and local involvement. Product uniqueness, which was grouped with store location and feel, had a positive effect on retailer performance, while a focus on

quality merchandise and service had a positive effect on customer retention. Having branded store merchandise had a negative effect on customer retention. Local involvement did not appear to have any effect on the other variables. Finally, when looking at business strategies, such as customer service, low cost focus, channel expansion, and specialization, customer service focus was by far the most important factor with some support for channel expansion (Megicks, 2007).

With independent fashion retailers in particular, an exploratory case study of five locations across Scotland looked specifically at each retail mix factor to understand competitive strategies (O'Hare, Stewart, & Mc Coll, 2018). The study indicated that unique and differentiated customer experiences were integral to the way the owners started their stores, going beyond simply merchandise differentiation to the total shopping environment and experience. Within the product mix itself, some stores focused more on seasonal trends, some focused on product quality, and some put effort into providing exclusive products or brands, all different ways of offering unique merchandise mixes. As far as price, they aligned with what Megicks (2001) had found with specialty retailers, in that price was not the main focus of their strategies. Merchandise quality and alignment with their customers' aspirations was more important. The retail owners in the study indicated that creative and innovative ways of setting the store concept, through product or experience, were likewise very important in their early years of setting up and running the stores. As for place, many had moved to a secondary retail location within their city, where other independent stores were located. They felt this promoted their niche brand image and also allowed them to develop a community of like retail owners (O'Hare, et al., 2018). Finally, the retailers promoted most often through word of mouth and social media marketing, with some offering in-store events to increase traffic.

Coca-Stefaniak, Parker, and Rees (2010) looked at small retailers in both Spain and Scotland and found that place played a large role in their sense of differentiation. This included not only the location but also the types of products or services offered. The idea of being local was also important to these retailers in the sense of building ties with their communities and their customers. They also found that word of mouth marketing was integral to the retailers' promotional strategy (Coca-Stefaniak, et al., 2010). Overall, we can see that for independent retailers, especially those considered specialty, niche merchandise and unique customer experiences are key to their retail mix, alongside the ties to their local communities and customers. Price is not a typical means of competition for these retailers and marketing expenses are kept low with a focus on word of mouth and social media campaigns.

Retail mix and operations are also discussed in relation to retail innovation and retail model change. Many researchers agree that change overall is an evolutionary, continuous process and a normal part of retail businesses (Davidson, Bates, & Bass, 1976; Reynolds, Howard, Cuthbertson, & Hristov, 2007). Some think of this as occurring in a life cycle, with retailers starting out in innovation, moving into accelerated development and maturity, and ending with decline (Davidson, et al., 1976). They do accept that retailers attempt repositioning during the maturing and declining stages, and that remaining flexible is key to adapting to new trends and environments. In fact, they also note that new retailers should attempt to shift some of the costs in order to avoid failure; namely, retailers should look for used spaces to inhabit and ways to shift costs of inventory up the supply chain. During innovation, the retailers are trying to refine and adjust their strategies and activities by trying out new things and seeing what works. In the accelerated development stage, they may begin to identify other retailers who are adopting the innovative characteristics in some way (Davidson, et al., 1976). While these

ideas may connect to MRSEs, this overall life cycle approach does not take into account that some small, independent retailers are not interested in accelerated growth through opening new locations or creating more complicated management systems, and in fact may continue to experiment with new ways of doing business or altering their strategies throughout their existence.

The wheel of retailing and the retail accordion are two other early attempts to explain retail format change. In McNair's 1958 wheel of retailing, retailers begin in an entry phase, "trade up" and then move into a vulnerable phase, going around in a circle (Reynolds, et al., 2007). Hollander's 1966 retail accordion fluctuates back and forth from specialists to general merchandisers (Reynolds, et al., 2007). However, this does not account for today's environment where both appear to be enjoying different kinds of simultaneous success and failure. Finally, the "big middle" is an alternative view indicating that new ventures start as innovative or low-price retailers who try to move into the profitable "big middle" by reaching economies of scale (Levy, Grewal, Peterson, & Connelly, 2005). Again, these models do not really seem to address the experience of the average independent, specialty retailer.

Other researchers view retail model innovation as a less rigid process and instead describe various factors that influence change. Sorescu, et al. (2011) cite both internal and external factors that can both help and inhibit change. For instance, a customer focus can lead to innovative ways of creating a pleasing store environment or shopping experience. Or an external shift in customer demands or technology can more broadly influence innovation. The current success of the organization, as well as the availability of resources can also affect the ability to innovate, though small-scale experimentation can help determine the best ways to go about it without relying on as many resources. Sorescu, et al. (2011) also view those individuals involved in and

motivating the format and activities, from suppliers to end customers, as critical to customer experience and one way in which the retail model can innovate. This again goes back to retailing mix in that promotion, location, product, and price can all act as ways to reach customers, create community, but also shape relationships with suppliers and employees. Their one concern is that retail model innovations can be rather easily imitated, which means competitive advantage may be limited. However, they see these as holding a stronger opportunity for increased profits, when compared to short-term gains in product or process innovations (Sorescu, et al., 2011). Thus, to combat any imitators, they suggest that business models be looked at in a dynamic sense, where they are “continuously updated as changes in the environment dictate it” (p. S13) by staying on top of new technologies and customer trends, while remaining flexible overall.

Quinn, McKitterick, McAdam, and Brennan (2013) also develop a framework for small retailer innovation, noting that “small retailers, despite a lack of resources and knowledge, can undertake competitive advantages that lead to better performance” which could include particular innovative approaches (p. 87). Their framework illustrates the role that external environment, retailer characteristics, and individual characteristics play in their capacity to innovate and develop a particular approach to innovation, whether incremental, process-focused, or customer-focused. The external environment includes things like customers, regulations, and industry characteristics. Firm characteristics include resources, knowledge base, networks, and culture. Finally, individual characteristics take into account the owner’s specific attributes such as leadership skills, education, age, motivations, and other experiences. So, much like Sorescu, et al. (2011) and the institutional entrepreneurship models to be discussed under theory, both internal and external factors play a strong role in institutional innovation and retail format change.

Considering areas of innovation in particular, 63 UK retail executives and new business development directors described retail innovation and format change as focused on a drive to scale, a balance in scale, consumers' renewed interest in specialty formats, and a focus on value over price (Reynolds, et al., 2007). While this was clearly a study of large retail firms, there were clear takeaways for independent retail as relates to the current study. First, the interviewees discussed the important of space and how valuable it is for the retailers, critical to the current study on sharing space. Second, their acknowledgement of the rise in specialty format stores in the UK between 1997 and 2004 (Reynolds, et al., 2007) shows just how relevant stores such as MRSEs may be, even if they are not discussed as frequently in academic studies. Finally, the focus on quality over price alone is critical. As seen with other independent retail studies discussed, specialty stores are not typically trying to compete on price alone and instead have a focus on quality or unique merchandise. If these are the areas where innovation is being driven, then MRSEs may be in a singular place to take advantage of the shifts.

### **Theoretical Frameworks**

As an exploratory study on a little understood phenomenon, an inductive approach informs how I achieve my research objectives. As a result, theory was used in an unstructured manner early in the process, until findings provided clearer themes and categories during data collection and analysis. Nevertheless, concepts and theories provided a guide as to how I approached the research questions, data collection, and overall organization during analysis.

**Approaches to sustainable action.** Hopwood, Mellor, and O'Brien (2005) provide a map to better understand the debate between different attitudes and strategies toward sustainability. Their map shows increasing socio-economic equity and well-being on one axis and environmental concern on the other axis. The different zones indicate

varied emphasis on socio-economic vs. environmental concerns and are split, though continuous in nature along these axes, into three schools of thought for addressing sustainability in today's world: status-quo, reform, and transformation.

Supporters of the status quo approach continue to place the most emphasis on economic growth and maintain that this is the path to social justice. They argue that sustainably-informed consumers, alongside ethical business practices will push the shift, though they do not view a need for changes in the political or economic systems at play (Hopwood, et al., 2005). Many retail researchers tend to fall in this camp, by looking at how to make changes within existing retail systems and through business-driven strategies that continue to focus on continued growth, often times with a goal of better understanding how to encourage consumers' purchase of sustainable products. For example, Kim, Lee, and Hur (2012) investigated how social norms, a consumer's view toward sustainability, and a company's marketing technique can influence the consumer's environmental purchase decisions. Also, Hanawa Peterson, Hustvedt, and Chen (2012) investigated consumers' interest in purchasing organic wool products or wool products made using other sustainable methods. Neither example recognizes more profound social or environmental issues nor attempts long-term changes to the economic or political system.

Reformists likewise continue to rely on existing economic and political systems, though they understand that there are major concerns in economic, social, and environmental well-being that require deep changes in lifestyle and policy (Hopwood, et al., 2005). They believe that government and international organizations can provide the tools needed to make these shifts, alongside an emphasis on scientific and technological advancements. Many retail researchers do support the reform approach by suggesting technological or governmental options to encourage more drastic changes. For instance,

Atkinson (2013) looked at how informative QR codes can encourage smartphone users to select environmentally sustainable product options. In their review of green retailing strategies, Lai, Cheng, and Tang (2010) noted the wide preference of retailers for implementing green design strategies for retail stores (such as energy efficiency and waste reduction) and eco-friendly packaging methods for goods. At the same time, they note the importance of government and NGO support of policies to help further other aspects of environmental concern within retailing such as pollution and carbon labeling.

Finally, transformationists believe that radical change is needed, through political and economic activism outside existing systems in order to make any change toward sustainability, or avoid complete collapse (Hopwood, et al., 2005). They argue that environmental concerns are deeply tied to social and economic inequalities around the world and the latter must be addressed so that the former is possible to confront. A few studies have looked at more radical ways that retail can contribute to sustainable practices, both for retail and for consumers. For example, Carrigan, Moraes, & Leek (2011) investigated one UK small town to better understand how sustainability efforts, specifically to eliminate the use of plastic bags, can be advanced through social activism. In their case study, they found that local networks, including small independent retailers, can provide the means to sustainable behavior change within a community, without the need for large business or governmental support (Carrigan, et al., 2011). Additionally, others have studied membership-based fashion libraries in Nordic countries (Pedersen, & Netter, 2015) and consumers' willingness to engage in alternative forms of consumption, such as renting and swapping in the U.S. and Finland (Armstrong, Niinimäki, Kujala, Karell, & Lang, 2015; Armstrong, Niinimäki, Lang, & Kujala, 2016). However, they are still relatively small-scale studies and/or small-scale operations for those practices already in limited use.

Considering the sharing economy, the online platform concept in particular may fit as reform, because it focuses on technological advancements to provide greater access to and value for individuals' goods. Still, some sharing economy businesses may be closer to transformation, if they are particularly focused on changing the economic and political structures in which business has typically been done, or adhere to a stronger code around social or environmental injustice. MRSEs, while under consideration here as an offshoot of the sharing economy, may follow a 'reform' path, as they do not directly challenge political or social systems. The fact that they *appear* to be a typical retailer may in fact provide an easier transition for the consumer and the surrounding business community in legitimizing and supporting it. Some MRSEs may even be more drastic in their intentions and border on the transformation approach to sustainability. Nevertheless, the findings of the study may provide a better understanding of this reality and where a MRSE truly falls within the context of sustainable action. To better understand this, alongside the prior discussion of the sharing economy's potential for sustainable impacts, I propose the following research question: To what extent do MRSEs provide an opportunity for change toward more sustainable business?

**Culture as “toolkit” and new institutionalism.** When attempting to achieve any wider change, an understanding of the role of culture in shaping actions is essential. From a sociological perspective, Swidler (1986) presents culture as providing individuals with 'cultural toolkits' full of a vast array of beliefs, values, rituals, and other cultural information, which they need to develop their own strategies to inform how they act in particular roles or situations. These roles and situations are still constrained by the social structures around them, which is why cultural tools are so important to use for navigation. The chosen strategies can be based on an individuals' own competencies, but they can also differ based on the stability or instability of the larger environment or structures (Swidler, 1986). Specifically, political and economic instability can lead people

and groups to search for new ways to act using the cultural tools at their disposal. Through explicit attempts to enact a set of beliefs and actions, an alternative way of behaving can form. In order to create relevance and legitimacy for that new strategy, it must compete with other new strategies and find support within existing social structures (Swidler, 1986).

Individual norms can differ from societal norms because of this focus on using cultural tools strategically, and not in a homogeneous way across all people (DiMaggio, 1997). Individuals can access and utilize this cultural information, or tools, that they collect every day in one of two ways. First, they can retrieve it through automatic response to a situation, particularly occurring within institutionalized settings (DiMaggio, 1997). Second, they can use critical and reflexive methods to override an automatic response. This is more commonly used when the individual is strongly dissatisfied with the norm in the situation, or when the situation presents inconsistencies to the individual (DiMaggio, 1997).

The MRSE itself may be one way that individuals, i.e., entrepreneurs and others involved in the spaces, have sought to create a new response to small business ownership using the prevailing cultural tools available to them. For instance, they may follow the basic concepts of existing economic and retail structures but do so in a new way. Using the local environment and cultural repertoire of each of its stakeholders, they are potentially creating new ways of acting in unstable economic and retail environments.

Building from this concept of culture as a toolkit, new institutional theory can provide a base to understand how and why organizations form and behave a certain way in a structural context. Stemming specifically from sociological and organizational literature, new institutionalism looks at how organizational members make decisions and

practice based on normative expectations and shared social meanings (Tolbert, David, & Sine, 2011); and in turn, how institutions then facilitate and direct people's interactions and choices into habit (DiMaggio & Powell, 1991). However, much like Swidler (1986), new institutionalists reject the idea that choices are simply driven, through rational decision-making, by a desired outcome or individual interests. They are always embedded within the environment or social structures in which they exist (DiMaggio & Powell, 1991). In turn, existing institutions can limit individuals' choices available because they have shaped the conventions themselves.

Institutional theory has been used to understand how vendors in an Indian bazaar create embedded meaning and normative practices within their organizational unit (Varman and Costa, 2009). Varman and Costa (2009) noted the importance of community embeddedness within the network of vendors to build a shared means of doing business with one another. This included not only adhering to norms of doing business in the space, but also to engaging with one another in daily socialization outside of the typical market dealings. It has also been used to look at the importance of normative expectations and legitimacy for local retailers' patronage and viability in rural U.S. communities (Frazier, Stoel, Niehm, & Eckerson, 2013; Kim & Stoel, 2010). Research on the influence of institutional embeddedness on entrepreneurial behavior in turbulent economic environments has also been done (Welter & Smallbone, 2011). In addition, institutionalisms connection to entrepreneurial research has been discussed extensively by Tolbert, David, and Sine (2011) and Bruton, Ahlstrom, and Li (2010). Marquis and Battilana (2009) describe the importance of local communities on organizational behavior in that they are still the primary source of beliefs and norms, even in an increasingly globalized world.

***The institution.*** The concept of ‘institution’ in this theory can range from a formal organization to rule-like conventions that a society comes to take for granted, such as marriage, voting, or a contract (DiMaggio & Powell, 1991). Institutionalized organizations are those that create intrinsic value to a field, sector, or society, persisting beyond their instrumental value (Scott, 1987). Value is created through interactions in and adaptations to the environment in which the organization exists, such that they can gain legitimacy to others. An organization’s value does not form solely based on technological or monetary systems, rather it forms through repeated actions by social actors which instill meaning in those actions and in that organization (Scott, 1987). Essentially, all people and organizations, and their accepted meanings, are the product of their environment and the interactions between various actors therein. In essence, institutionalization within a sector or field limits, or provides a blueprint, for how actors make decisions about what is an appropriate course of action under a set of circumstances, as they will choose to follow the example of another similar actor to maintain legitimacy and stability (Powell, 1991).

For the purposes of this study, MRSEs potentially represent two types of institutions: first, as a business organization in a new form and second, as a convention of sharing resources. The first is perhaps easier to legitimize in the current societal and economic climate. The second is a process that is undergoing a legitimizing process through the growing recognition of the sharing economy today. While it is not at this point a fully engrained convention to society as a whole and has faced numerous criticisms, it has still gained access to many markets and has achieved consumer confidence through well-known companies like Uber, Lyft, and Airbnb in recent years. Nevertheless, the sharing economy has the potential to become fully legitimized, and perhaps in certain social groups is already a convention. This study will allow the

development of a more complete picture of both of these institutional possibilities in the physical retail sector.

***On institutional change and institutional entrepreneurship.*** Institutional theory focuses on the idea of an organization's compliance with existing and normative structures, whether voluntarily, coercively, or through incentives (Scott, 1987). However, it also focuses on a fourth type of compliance, one that is more proactive in enabling choice to create new institutional forms that may be better suited to their environment. Essentially, a constraint can provide for possible alternatives, in addition to resistance, particularly when there is a conflict (Powell, 1991). Conflicting constraints on an organization can cause a need to seek an alternative or reject one over the other. Resources available to organizations can also differ greatly, causing changes in how one organization forms or practices compared to another in the same sector (Powell, 1991).

As DiMaggio and Powell (1991) state, organizational change is more likely to occur in a sudden manner in reaction to larger environmental changes. Powell (1991) further argues that innovative change within a sector is more likely to come from an organization that is less rigidly constrained or within a sector that is less rigidly structured. Not only can institutional theory provide a means to understanding why businesses form the way they do, but it can also help explain how social change itself may affect the types of opportunities or the new forms of business that entrepreneurs choose to engage in (Tolbert, et al., 2011). As they argue, new social movements can help legitimize certain forms of behavior or practice that then encourage entrepreneurs to follow suit. This can be critical for understanding how new retail forms come about and what actions they take to conform to, and whether or not they are accepted by, the economic and social environment around them.

Organizational change can also be viewed within institutionalism as evolutionary (convergent) versus revolutionary (radical), where “scale and pace of upheaval and adjustment” are of particular importance (Greenwood & Hinings, 1996, p. 1024). Institutionalists tend to be most concerned with radical change, which breaks from dominant and accepted institutional forms within an organizational field, though they recognize that convergent change is far more typical. Characteristically, organizational fields focus around convergent forms and lack variation (Greenwood & Hinings, 1996), seeking legitimacy through accepted means of organizing, as discussed above. However, variation can occur within a field.

Greenwood and Hinings (1996) propose a model of organizational change where the interests, level of dissatisfaction, and value commitments of groups within an organization, along with actors' positions of power, all play a role in an organization's ability to change. However, these are very much still dependent on the market and institutional contexts, which feed their overall capacity for action and play a role in defining the factors already mentioned. And in the end, the market and institutional context will come back in to play a role in legitimizing, or not, whatever change may have occurred. Thus, as with everything in new institutionalism, there is a constant dynamic between larger structural contexts and the specific features of individuals or organizations.

Similarly, Battilana, Leca, and Boxenbaum (2009) have proposed a model of institutional entrepreneurship, in which they describe institutional entrepreneurs as: agents [individual or organization] who initiate, and actively participate in the implementation of, changes that diverge from existing institutions, independent of whether the initial intent was to change the institutional environment and whether the changes were successfully implemented. Such changes might be initiated

within the boundaries of an organization or within the broader institutional context, within which the actor is embedded (p. 72).

Their model indicates a process of enabling conditions, divergent change implementation, and institutional change in an ongoing loop. Enabling conditions include field characteristics, such as social, regulatory, or technological disruptions, and individuals' social position, which affects their point of view, as well as defines their access to necessary resources (Battilana, et al., 2009). Divergent change implementation includes developing and sharing a vision for change, mobilization of allies, and motivating others to accomplish the change and continue it into the future. While the authors intended this model to evolve as other researchers tested and refined it, it appears not much has been done. This model has been discussed extensively in conceptual work and literature reviews related to hybrid organizations and social entrepreneurship (Dacin, Dacin, & Matear, 2010), and other frameworks for entrepreneurship (Schaltegger, S., & Wagner, 2011). However, there appears to be little empirical research based on it as the central framework, and none specifically related to retail.

Battilana and fellow researchers (2009) discuss that institutional entrepreneurs and entrepreneurs overlap in some ways, but only in so far as some entrepreneurs break with existing, dominant institutional model. Not all entrepreneurs do so, while in the authors' view, all institutional entrepreneurs do, based on its definition. In fact many entrepreneurs and other institutional actors would prefer to follow the status quo. In fact, many who are already functioning within legitimized institutions want to defend the benefits they already receive and not have institutional entrepreneurs succeed (p. 78). This concept can be compared to the notion of different sustainable action 'camps' in Hopwood, et al. (2005). Specifically, an institutional entrepreneur may be likened to a transformationists, looking for deeper changes to existing economic, political, and social

systems. On the other hand, many entrepreneurs and small business owners may be more likely to exist within the status quo and reform concept of change, looking for new ways to attract consumers or succeed based on technological or design-focused changes within existing economic or political systems.

With this background on institutional change in mind, this study argues that struggling independent retailers have less stability even within the traditional constraints they have followed, due to the rise of ecommerce, and thus could benefit most from thinking outside of the institutionalized norms. As such, the study aims to better understand this move toward changing retail practices. In the context of the current study, conventional structures have limited how retailers believe they can and should do business. However, the period of instability in the retail industry today has forced both retailers and consumers to look outside the conventions available to other means. For instance, when alternative means of retail are enacted in a festival, where multiple retailers or restaurants come together as a group, the draw for both the vendors and the consumers is in large part a sense of variety, experiential excitement, and social interaction that is missing from typical, day-to-day retail environments (Hietanan, et al., 2016). Thus, there is a desire for new forms of interaction and business in the local environment.

With the changes in the U.S. today regarding the gradual social acceptance of both sustainability and the sharing economy, we can see a possibility for an even greater impetus to change the way retailers form in the first place. While we can argue that the sharing economy is now institutionalized due to its acceptance in many different markets by a wide swathe of consumers, physical retail spaces working in a type of B2B sharing could be considered a further development of the concept. Thus, the study needs to address whether or not the MRSE breaks drastically from institutional norms as an institutional entrepreneur, or does it look for other innovative ways to find success within

existing institutions. In addition, new institutionalism can provide a basis for understanding how the participants within a MRSE come to legitimize the practice of 'resource sharing' through shared meaning and actions within their retail space and perhaps even beyond in their larger retail sector. To understand this, I propose the following research questions: How do business owners and other participants form or shape a MRSE? and Does a MRSE appear to be a new retail format or a mixture of existing formats?

**Schwartz's theory of basic individual values.** In contrast to institutional social structures discussed above, individual values are another way to look at motivations behind individuals' attitudes and behaviors, and perhaps better understand how individuals utilize the cultural resources (or tools) they have available, within their environment. As described by Rokeach (1973), values are a person's "enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence" (p. 5). According to Rokeach, individual values can be categorized as (a) instrumental, which include values that tie to preferred behavior; and (b) terminal, which describe or indicate a final preferred outcome for an individual, community, or group. Schwartz (2003) likewise describes individual values as both a means and a guide for people to measure actions and behaviors around them and move towards desired goals. Values also engender passion in people and require a means of prioritization in given situations, though they can be applied to any aspect of a person's life.

Schwartz's value theory has been empirically tested in dozens of countries over more than 20 years and indicates that there are 10 basic or motivational values universally: achievement, power, security, conformity, tradition, benevolence, universalism, self-direction, stimulation, and hedonism (Schwartz, 2012). These values

are arrayed in a circular diagram, where the higher a person rates a value on one side of the circular continuum, the progressively lower all other values will be rated as one moves away from those values (Schwartz, 2003). The values on the opposite side of the circle would have the lowest rating. This means they are prioritized and thus in a constant state of potential conflict. As such, when motivated by one value, people minimize other values, and this tradeoff can change according to situation or context (Schwartz, 2012). Therefore, all values are affected by decisions made in favor of any other value.

Though some view individual values research as focusing too much on rational thought and desired outcomes (DiMaggio & Powell, 1991; Swidler, 1986), there is recognition that values still “fine-tune the regulation of action within established ways of life” (Swidler, 1986, p. 282). Here, the study seeks to understand how an individual’s values toward larger concepts of sustainability or other societal conventions, can provide a reference for how they fine-tune their actions within the retail business environment.

***Sustainability and consumer values.*** Sustainable consumption literature, using a social psychological framework, has studied consumers’ values toward sustainability with Schwartz’s theory as support (Ninimäki, 2010; Pepper, Jackson, & Uzzell, 2009). However, personal values are not always directly tied to sustainable purchases or behaviors. Values, as they relate to consumer behavior, are often mediated or moderated by many other factors, such as self-concept, worldviews, price, quality, and so on (Ninimäki, 2010; Pepper, et al., 2009). For instance, Ninimäki’s survey (2010) of 260 Finnish consumers regarding their eco and ethical apparel consumption attitudes found that consumers care about beauty and creativity when it comes to apparel purchasing even for those who are passionate about ethical consumption. Likewise, eco-apparel could only be valued higher if it was as aesthetically pleasing as non-eco options. Societal norms are also shown to mediate the relationship between values and

actions when looking at a range of behaviors from obeying parents to using environmentally friendly products (Bardi & Schwartz, 2003).

Universalism is typically tied to environmental behavior (Bardi & Schwartz, 2003; De Groot & Steg, 2008; Pepper, et al., 2009) or altruism, which relates to social sustainability (De Groot & Steg, 2008). The basic values positively associated with socially responsible consumer behavior or attitudes are those within self-transcendence, specifically universalism and benevolence; on the other hand, power was negatively correlated with socially responsible purchasing (Pepper, et al., 2009). Niinimaki (2010) found that self-direction was particularly important for those consumers with a high ethical commitment, nearly twice as much when compared to those with no interest in ethical or eco issues. As might be expected, hedonism was also important to the apparel consumption process, as it provides a means of creating pleasure, beauty, and individuality for the consumer (Niinimaki, 2010).

Pepper and fellow researchers linked materialism, while not a basic personal value according to Schwartz, to sustainable consumer behavior and values research (2009). In their survey of 260 UK consumers, socially responsible purchase behavior, for clothing as well as other products, was negatively related to levels of materialism. The basic value of universalism, which has been tied to sustainable attitudes, was also negatively related to materialism (Pepper, et al., 2009), indicating that those who engage in sustainable attitudes and behaviors are less materially focused in their lifestyles. According to McGinnis, Gao, Jun, and Gentry (2017), consumers with lower levels of materialism are also more likely to shop at 'underdog' retailers, indicating a possible tie between consumers who engage in socially responsible purchasing (Pepper, et al., 2009) and patrons of small independent retailers (McGinnis, et al., 2017). This aligns with Niinimaki's finding (2010) that those with the highest levels of ethical commitment

were overwhelmingly supportive of locally-made clothing. Thus, locally-based retailers and producers have the potential to provide key solutions for consumers interested in or demanding sustainable consumption options.

***Entrepreneurs' and small business owners' values.*** On the other hand, researchers have looked at individual values to better understand entrepreneurs' and small business owners' motivations, activities, and perceptions of success. For example, Gorgievski, et al. (2011) used Schwartz's Portrait Values Questionnaire (PVQ) to determine small business owners' value orientations and their relationship to perceptions of business success. Through their survey of 151 Dutch small business owners, mainly from businesses in the service sector with less than 10 employees, the values ranked highest overall were self-direction and hedonism, in line with Niinimäki's apparel consumers (2010). Benevolence, stimulation, and universalism were not far behind. Conformity and tradition were ranked lowest for the business owners. When considering business success factors, personal satisfaction and profit were ranked highest overall; public recognition and growth were ranked lowest overall (Gorgievski, et al., 2011). Those business owners who focused more on power and achievement were also more interested in traditional, economic measures of business success. On the other hand, business owners who put higher emphasis on universalism and benevolence were more interested in having work-life balance and satisfied stakeholders. Contrary to prior studies on sustainability and values, universalism and benevolence were not closely aligned with giving back to society. Instead, those who ranked tradition and conformity values higher were more interested in giving back (Gorgievski, et al., 2011).

Many other studies in small business and entrepreneurship literature have focused on values as an integral part of the entrepreneurial or business development process, as well. In Morris & Schindehutte's interviews with U.S. growth-focused

entrepreneurs, personal values such as harmony, respect, humility, honesty, diligence, and responsibility to group were important to the business owners, though emphasis on specific values within the business varied based on cultural background and business activity (2005, pp. 469-471). Bird (1988) also discusses the influence of entrepreneurs' values on intentions. Their values are most often driven toward a desired end-state, and do not focus on the means of reaching it (Bird, 1988), in keeping with Rokeach's idea of terminal values. However, some entrepreneurs are more interested in the process itself, and thus place more emphasis on job satisfaction, related to skills or leadership role, or a comfortable life (Bird, 1988). This emphasis aligns with Rokeach's instrumental values.

Johannisson (1987) also posited that local entrepreneurs do best in environments where their personal values align with the social norms of the community, as the business is often a reflection or an extension of their personality and vision. And Frazier et al. (2013) discuss the effect of a community's values and norms on the creation of local business, what constitutes acceptable business forms or activities, and overall local business success. Yet local communities need to find a way to encourage new business activities and innovations to avoid stagnation or irrelevance of their market environment, and so recognition of a community's values and norms by business owners is critical to receiving local support (Frazier, et al., 2013).

Values and norms are constructed, shared, and reinforced through constant interactions between individuals and groups. These social interactions can build and encourage civic engagement and community improvements (Flora, Flora, & Gasteyer, 2016). Building social capital requires mutual trust, shared goals, and cooperation (Flora et al., 2016), which are vital characteristics to consider when exploring businesses that are interested in building sharing relationships with one another.

Studies have also looked at the role of small business and retail to engage in socially responsible behaviors, through community engagement (Campbell & Park,

2017; Razalan, Bickle, Park, & Brosdahl, 2017; Carrigan, Moraes, & Leek, 2011; Besser, 1999). Some studies directly tested social responsibility and business success, finding that community commitment and/or community support was positively related to business success (Campbell & Park, 2017; Besser, 1999). In a study of 477 U.S. small business owners and managers Campbell and Park (2017) found that engaging in in-group ties, such as networking, as well as social responsibility efforts in the community, were both significantly tied to higher business performance. They also posited that social capital may affect the performance of groups of businesses in a community more effectively than one single enterprise. These areas were also considered a means of legitimizing the business to community members (Campbell & Park, 2017). Likewise, Razalan and fellow researchers (2017) found that retailers who engaged in social responsibility efforts within a U.S. small city realized a variety of intangible benefits ranging from personal fulfillment to business reputation to building new relationships both within their own business and across the community. None of the retailers indicated they engaged in these efforts for direct financial gain. In addition, retailers were typically motivated to take part in these socially responsible activities to feel a part of their community, build their business reputation, or act on the request of a customer or fellow business (Razalan, et al., 2017).

Particularly when considering ethics, there is evidence that entrepreneurs are more ethically-minded than business managers in general, which may be linked to their increased investment in the business and longer or stronger ties to customers and the community (Morris & Schindehutte, 2001). In addition, entrepreneurs' values and beliefs can guide the enterprise toward an ideological or philanthropic focus (Bird, 1988). One form of business that is often tied to values is the cooperative. This is easily seen both from literature on the form and bylaws of the organizations themselves. In addition, many cooperatives are founded on the ideas "of self-help, self-responsibility, democracy,

equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others” (International Co-operative Alliance, n.d.). However, the degree to which these values, and others, are embedded within a cooperative and adopted by members can differ by cooperative type, geographic location, economic system, and so on (Nelson, et al., 2016). Within the sharing economy, Botsman claims that businesses engaging in collaborative consumption must be values-driven, incorporating ethical values into their missions and day-to-day operations (2013, para. 6-9).

Finally, there is some evidence that entrepreneurs that focus on their final business goal, rather than the means of achieving it, tend to be less interested in ownership of resources (Bird, 1988). Stevenson (1985) found that entrepreneurs are less inclined to value ownership of their resources; they are more concerned with “the ability to use it” (p. 49, in Bird, 1988, p. 448). Likewise, Kellermanns, Walter, Crook, Kemmerer, and Narayanan (2016) argue that entrepreneurs often view their resources from an outcome standpoint, such as product or value creation, or competitive advantage. Their survey of 202 U.S. entrepreneurs also found that, when asked about what resources were to them, there was a “lack of entrepreneurs’ emphasis on human, organizational, and physical capital” which may be due to their increased reliance on outsourced resources (Kellermanns, et al., 2016, p. 40). Entrepreneurs also placed more emphasis on relationship capital or strategic collaborations, in part to augment or compliment their existing resources (Kellermanns, et al., 2016). In addition, Johannisson (1987) argued that the more closely an entrepreneur identifies with their local community, the more likely they are to see “the whole local context as a resource bank” (p. 56).

Overall, values play a critical role in how or why an individual chooses to start a business, how they view success, and how receptive or likely they are to display

sustainable attitudes and behaviors. As the notion of sharing resources is potentially a part of sustainable behavior, as well as a motivation for forming a business, an owner's values toward sustainability should be considered when looking at how or why they share resources. In the studies reviewed related to Schwartz's model (Bardi & Schwartz, 2003; De Groot & Steg, 2008; Gorgievski, et al., 2011; Niinimaki, 2010; Pepper, et al., 2009), values within self-transcendence (universalism and benevolence) and openness to change (stimulation and self-direction) appear to be particularly relevant not only for sustainable behaviors, but also for small business owners and apparel consumption. Thus, a look at how MRSE owners perceive their own values within this present study may reveal deeper connections to sustainable behaviors and attitudes, as well as any connections between their own values and why they chose to engage in this alternative form of retail. With this in mind, I focus on the following research questions: Why do business owners or entrepreneurs engage in a MRSE? and How do MRSE participants' values play a role in the above actions?

### **Research Gap and Questions**

To summarize the business-related sharing concepts presented here, a table of the different business formats and their attributes are presented in Table 2.1. The attributes included relate to the types of resources shared, whether or not they are B2B, utilize physical space or digital platforms, and are retailers. Looking at the table, it is clear to see how the types compare to one another and what may make them unique. Since bootstrapping is a strategy rather than a specific business form, there is widest variation in the types of forms and activities that may occur there. Finally, given that the MRSE is a developing concept, question marks have been left under attributes that are not already determined. Thus, this study aims to discover more about its attributes to complete the table and realize whether it is truly distinct from these other concepts.

MRSEs may be a new example of businesses moving outside the status quo. While they may employ some elements of cooperatives, sharing platforms, coworking, or bootstrapping, they may also have elements that make them distinct from each of these, or combine similar attributes in a different manner. For instance, they may not always monetize the exchange or they may have formal agreements in place, particularly when it comes to their daily activities, and their business goals. As Table 2.1 above depicts, there is much to learn about what a MRSE actually does.

Landry, Arnold, & Stark (2005) found, in their study of community embeddedness and independent retail in a small US town, that consumers were more likely to shop at such a retailer when they viewed it as valuable for reciprocal community support and a space for socialization. Interestingly, Besser (1999) also found that increased number of competitors could lead to increased small business success. This implies that working directly with competitors to encourage their own survival would provide another independent business owner benefits, showing one reason why MRSEs may take on this new business form.

In addition, the sharing economy begins with the notion that sharing enterprises can provide social, environmental, and economic benefits, in line with sustainability. While there have been challenges to implementing or continuing to focus on this as the sharing economy grows, MRSEs may be able to address these concerns due to their local embeddedness, collective means of doing business, and shared physical space. It remains to be seen how the owners of these MRSEs view issues of sustainability, sharing, and success before an understanding of the retail model's connections to the original tenets of sharing economy are seen.

Table 2.1

*Attributes of resource sharing organizations*

	Retailer	B2B	Share physical business resources	Share supply contracts	Share knowledge or skills	Share physical consumer resources	Formal sharing contract	Internet-based sharing	Physical space	Independent format
Bootstrapping enterprise	~	~	~	~	~		~	~	~	~
Cooperative	~	~	~	~	~	~	+		+	+
Professional organization		+	~	~	+		~	~	~	+
P2P sharing platform	~		+		~	~	~	+	~	~
Makerspace		~	+		+	~	~	~	+	+
Coworking business		+	+		~	~	+		+	+
Business incubator		+	+	~	+		~	~	+	~
MRSE	+	?	?	?	?	?	?	?	+	+

*Note.* Created based on literature.

+ = yes; ~ = some within that group; blank = no

There is also a clear gap in literature on B2B sharing economy enterprises, bootstrapping techniques, and retail cooperatives within the US. Most studies related to these concepts have been based out of Europe, predominantly in the UK, Netherlands, and Sweden. Therefore, an exploration of how these techniques may be motivated and employed in the US would provide useful perspective.

As discussed throughout the literature, the current study aims to answer the following research questions:

1. Does a MRSE appear to be a new retail format or a mixture of existing formats?
2. Why do business owners or entrepreneurs engage in a MRSE?
3. How do business owners and other participants form or shape a MRSE?
4. How do MRSE participants' values play a role in the above actions?
5. To what extent do MRSEs provide an opportunity for change toward more sustainable business methods?

## Chapter 3: Methods

Chapter 3 contains the following sections: (a) qualitative approach, (b) sampling, (c) data collection, (d) data analysis, and (e) rigor.

### Qualitative Research

The purpose of this study is to understand how and why business owners form a MRSE, what activities they engage in as a group, whether those activities or forms are innovative within the independent retail environment, and whether it provides any potential for sustainable change in retail practices or the sharing economy. As the topic is little understood and potentially illustrates a new retail technique, an exploratory, qualitative design best addresses the research questions listed above. Specifically, the study employs a qualitative analytic induction method with the epistemological and ontological approach of ethnography, described further below.

Qualitative research is a naturalistic research process that focuses on understanding the meaning of everyday activities and lived experiences or thoughts of participants. A benefit of qualitative research is that it has the ability to gain both the etic and emic perspectives. First, it is critical to capture the emic perspective, which includes the norms, constructs, and beliefs of the group or individual being studied (Merriam & Tisdell, 2016). On the other hand, the etic perspective, essentially that of the researcher and their field, brings outside theories, norms, and concepts to the phenomenon. A balance of the two must be struck to best capture and interpret the phenomenon of study. The researcher's reflexivity is a critical part of this process and is particularly important in ethnographic research (Creswell, 2013).

Within qualitative research, analytic induction itself looks “for patterns (themes) and negative cases” while the goal in sampling and analysis is to reach a saturation point for these themes (Pascale, 2011, p. 116). While it is useful here, it can become too

focused on confirming or disconfirming themes without a wider view of overall context or alternative explanations outside of a priori theories. Analytic induction is still used in ethnomethodology, but viewed within the larger context of where or when or to whom the words or interactions took place. As Pascale (2011) states, ethnomethodology depends on context in order to understand the true meaning assigned to words and interactions. This is what makes its use distinct from pure analytic induction. As such, I will be using a qualitative analytic induction methodology in my study, coupled with an ethnographic mindset. While I am constrained and unable to spend enough time in the field to develop an in-depth ethnographic study, such as a full year of fieldwork, the principle assumptions of an ethnographic methodology are vital to understanding the research questions under study. As such, I immersed myself in the MRSEs' culture to the greatest extent possible during the study. Some researchers in applied fields like market research or consumer behavior do undertake shorter ethnographic studies (Agafonoff, 2006; Hietanen, et al., 2016). Nevertheless, I employed a qualitative analytic inductive method informed by ethnomethodology.

Ethnographers are guided by the belief that naturalistic inquiry is the best way to understand social phenomenon, like many qualitative researchers. However, what makes an ethnographic ontological and epistemological approach unique here, is the focus on the creation of shared meaning through daily interactions and depictions, which in turn defines culture itself (Pascale, 2011). Ethnographers aim to enter the daily life of the respondents in an attempt to view their experiences and culture through their own eyes. An ethnographer focuses on fully participating in that culture to best understand the implicit and explicit meanings, as well as how they are formed, from within the group. As a result, extended fieldwork constitutes the central practice of a true ethnography. This approach overall is compatible with the new institutional and cultural repertoire frameworks (DiMaggio & Powell, 1991; Swidler, 1986) used in the study. The present

study views MRSE participants as part of a distinct institutional practice within the broader retail environment. Thus, the individual participants' meanings and practices can be informed by their affiliation with one another, as well as the context of the overall retail environment.

The use of a qualitative research design is relatively common in studies of business, retail, and community contexts and motivations. Researchers have employed it in prior studies on alternative or community embedded retail environments (Hietanan, et al., 2016; Varman & Costa, 2009), as well as why or how small businesses engage in social sustainability practices (Razalan, et al., 2017). It has also been used to understand what makes a slow fashion production network in an expensive business district remain competitive (Shih & Agrafiotis, 2017). Varman and Costa (2009) employed an ethnographic approach to understand the relationships that form between competitors within the retail setting of a bazaar. Likewise, Hietanan, et al. (2016) used an ethnographic approach when considering pop-up retail festivals as a potential means of social change “mobilizing people and their creativity” to try out business models and different roles in the community and provide an opportunity for “urban reinvention” (p. 421). Finally, ethnographic approaches have been used when studying consumption, exchange, and/or community within the social context of flea markets, antique malls, and periodic markets (Hansson & Brembeck, 2015; McGrath, Sherry, & Heisley, 1993; Palmer & Forsyth, 2002; Sherry, 1990). These ethnographic studies of various multi-vendor retail formats, with possible similarities to MRSEs, utilized observation as a primary form of data collection, alongside formal and informal interviews.

## **Sampling**

As MRSEs are an unknown phenomenon within contemporary retail formats, with limited knowledge in how they may overlap with other existing formats, each known

MRSE has the potential to be both unique and revealing with such a small known population. Likewise, the chosen sample should be able to provide some idea of parameters for the typical activities that take place for such a retailer. As this topic is exploratory, a criterion-based non-probability sampling strategy was used, to identify those directly involved with a MRSE, to best understand such an establishment's formation and practice.

Once the University of Missouri's Institutional Review Board approved the study in the winter of 2017-2018, data collection began. Selection of appropriate MRSEs was first determined, based on the following criteria: they are retailers, maintain physical space, and have a number of independent business owners participating within a shared space in some way. Once the former criteria were met, retailers were selected based on primary product category focus related to apparel, accessories, and/or home goods. Finally, geographic location played a role in selection, as a sample across the United States was used to provide further variation. In a prior content analysis study of social media sites, I identified six potential MRSEs in six different states across the United States. These MRSEs varied in the number of participants and the range of products being sold. These six were considered first for the research, though only three were used, based on geographic region, continued existence, and willingness to participate: from the Midwest, New England, and Southeast regions. I then searched for additional retailers meeting the criteria above from regions that had not yet been represented. This was done through my own network and online searches. From this additional search, two more MRSEs were selected. Overall, five MRSEs, representing five different regions, were used in this study: Midwest, New England, Southeast, Mid-Atlantic, and West Coast. In each case, I then contacted the owner or manager of each location to ensure they truly matched the participant criteria and gained their consent to participate before data collection. However, the degree of participation varied by location.

The goal was to interview the owner or manager in each willing MRSE first, to build rapport and trust before beginning observations and interviews with other members or employees. From there, I planned to reach out to other vendors or members in the space through snowball sampling techniques within each MRSE to increase the likelihood of participation in the study. Continuous coding was used during data collection to lead to thematic analysis, while sampling continued until a saturation of significant themes emerged. This process is in keeping with an analytic induction approach (Pascale, 2011). During observations, other MRSE members or employees, as well as consumers and other visitors would be observed or spoken with informally.

As peoples' responses to research can never fully be predicted, the range of participants and sources for each of the five MRSEs varied. Only four MRSEs participated fully, with observations conducted alongside interviews with other employees and/or members in the retail space. The fifth store's owner, in New England, participated in limited conversation via email and preferred that I did not reach out to her vendors directly. At her direction, a voluminous amount of online material was used, with her consent to share the original sources. These included interviews she had done with various regional media sources over the more than three years she has been open. Thus, the only new data collected from her were short passages she consented for use from our email conversations. Even within those participating in each form of data collection, the research conducted with the Southeast location did not provide the perspective of any members directly. While I attempted to reach out to members, none responded, and the owner seemed hesitant to have me speak with them in the first place.

Table 3.1

*Participating MRSEs*

Region	Term(s) used for store	Year Store Opened	Product Types	Location	Number of members	Number of paid employees*
Mid-Atlantic	Marketplace; "It's like Etsy live"	2007	Vintage, secondhand, handmade home goods, clothing, accessories, art, local foods	Primary business district in small urban area	60+	3
Southeast	Collective; Co-op	2009	Antiques, art, handcrafted jewelry and home goods, clothing, local foods	Secondary business district in medium urban area	29	1
Midwest	Gallery; Collective (by some)	2009	Paintings, photographs, handcrafted jewelry, clothing, ceramics	Primary business district in small urban area	45	1
New England	Group shop; Collective	2014	Vintage clothing and accessories	Primary business district in small urban area	11	1
West Coast	Co-op (in business settings); "M. Street Girls"	2007	2 women's clothing and accessories; 1 gift shop	Primary business district in small urban area (part of a large metro area)	3	10+

\*Beyond owner(s)

Table 3.2

*MRSE Owners and In-depth Interview Participants\**

Region	Pseudonym	Role	Age	Gender	Race or Ethnicity	Years as a MRSE owner or participant
Mid-Atlantic	Bobby	Owner	46	Female	Caucasian	11
Mid-Atlantic	Eric	Manager & Member	33	Male	Caucasian	4
Southeast	Jeff	Owner	60	Male	Caucasian	9 (5 as owner)
Southeast	Lucy	Part-time assistant	late 40s	Female	Caucasian	5
Midwest	Jean	Owner	56	Female	Caucasian	9
Midwest	Julie	Manager & Member	53	Female	Caucasian	7
Midwest	Em	Member	50s	Female	Caucasian	7
West Coast	Noelle	Clothing store owner	55	Female	Caucasian	11
West Coast	Isabella**	Clothing store owner	65	Female	Caucasian	11
West Coast	Olivia**	Original gift store owner	60s	Female	Caucasian	11 (10 as owner)
New England	Naomi***	Owner	37	Female	Caucasian	4

\*remaining participants engaged in brief interviews during observations and/or via email

\*\*brief email or in-person interviews with 2 of 3 West Coast owners

\*\*\*using publicly-available media interviews

## Data Collection

I used data source and methodological triangulation in the study to provide a rich understanding of the phenomenon through multiple perspectives, times, and activities, as well as data collection techniques (Flick, 2018). As such, I used text analysis of online content, interviews, and direct observation. The consent forms for interview and observation participation are provided in Appendix A.

**Text analysis.** I first conducted a text analysis of each participating MRSE's primary website and Facebook page to aid my understanding of the spaces and their context in advance, and to assist with the development of questions and codes for the interviews and observations. Text analysis of various types of documents can provide easily accessible "information about human thought and behavior in complex societies" (Bernard, 2011, Chapter 18, location 8611). Ethnographic researchers use document analysis periodically (Merriam & Tisdell, 2016), and this has expanded to the use of websites and online platforms or communities to better understand a particular culture and its ways of creating meaning. Digital ethnographies are important today as daily social life is so entangled with the digital world and becomes critical for understanding social phenomena (Markham, 2018). These are sometimes referred to as netnographies or virtual ethnographies, as well (Merriam & Tisdell, 2016). Seeing how the MRSE participants choose to communicate the meaning they believe they represent to customers, fellow retailers, and the greater online community can be particularly revealing.

The text analysis of the retailers' websites in this study is qualitative in nature. Thus, I approached the text in the same way that I approached the interviews during analysis. I also revisited them once additional data were collected through interviews and observations. As mentioned prior, text analysis was also conducted on secondary

data for the New England location. This included articles on the store's founding and operations, as well as a number of interviews with the owner herself.

Table 3.3 outlines the steps taken to address each research question within each website. The text analysis was used to help develop codes for the interviews and observations, in addition to confirming or disconfirming the themes from interviews and observations. Thus, it was important to follow the research questions to maintain relevant focus.

Table 3.3  
*Guide for Text Analysis of MRSEs' Websites*

Guiding framework	Pages and topics to review
<i>RQ1: Does a MRSE appear to be a new retail format or a mixture of existing formats?</i>	
New institutionalism	How do they describe their business activities? How do they present their role in the retail community?
<i>RQ2: Why do business owners or entrepreneurs engage in a MRSE?</i>	
New institutionalism and cultural toolkit Schwartz basic values	Backstory or 'About' page Blogs or owner stories
<i>RQ3: How do business owners and other participants form or shape a MRSE?</i>	
New institutionalism and culture as "toolkit"	Backstory Information about joining the retail space
<i>RQ4: How do MRSE participants' values play a role in the above actions?</i>	
Schwartz basic values	Does their mission display any core values? Content related to their ideas of success, community, sustainability, other values
<i>RQ5: To what extent do MRSEs provide an opportunity for change toward more sustainable business methods?</i>	
New institutionalism and sustainable action	Mention of sustainability goals, initiatives, or interests for business? Content related to other social, economic, environmental news and events

**Interviews.** I also conducted in-depth and informal interviews with owners, managers, members, and/or employees at the four willing MRSEs, aside from New England. Ethnographic researchers typically consider in-depth interviews as a part of the overall immersive fieldwork experience (Creswell, 2013). Each MRSE was organized differently and though most spaces provided more than 5 interviews, the Southeast had only 2 people willing to participate: the owner and his one employee. Some interviews with employees or members were less formal and less in-depth as I was speaking with them during observations or via email. Overall, I conducted in-depth interviews with four owners, and conducted an additional four in-depth interviews with two managers, an employee, and a member across three of the MRSEs. Further, I conducted informal interviews with the other two West Coast owners, 14 other members, and three employees across the MRSEs during observations or secondarily, via email. In total, 27 perspectives were provided across the four MRSEs.

The semi-structured interviews began with broad questions such as, “What motivated you to start [or participate in] a retail space that represents many business owners?” and moved onto areas such as, “What benefits [or challenges] do you feel you’ve encountered by engaging in this type of retail space with other business owners?” Follow up questions were used as needed to probe for further detail and insights. The interview questions’ connections to the research questions and theoretical frameworks are outlined in Table 3.4. The full interview protocol is available in Appendix B.

After observations and interviews were complete, I was able to go back to an owner or manager in each location to ask some follow-up questions via phone or email. These questions were geared toward ascertaining details of information learned originally; or to talk further about a topic that might not have come up initially but had proven important in other locations or during initial analysis.

**Observations.** Finally, I used observation during typical business hours and, in the case of one store, an 'off-hour' member night when more would be there to prepare for an event the following day. Observations happened alongside interviews with the business owners, employees, and/or members, though it depended on scheduling with each location. Participant observation is a common and necessary data collection strategy for ethnographic studies (Creswell, 2013), as it allows the researcher to interact with the group closely and understand their perspectives more fully within context.

Table 3.4

*Frameworks Guiding Interview Questions for Each Research Question*

Guiding framework	Proposed questions
<i>RQ1: Does a MRSE appear to be a new retail format or a mixture of existing formats?</i>	
New institutionalism	<p>What are the typical daily or weekly activities of the business?</p> <p>Describe how responsibilities are divided among the participants.</p> <p>Do you know of other retailers in the area who function like this?</p>
<i>RQ2: Why do business owners or entrepreneurs engage in a MRSE?</i>	
New institutionalism and cultural toolkit	<p>What motivated you to start/join a retail space that combined many business owners?</p> <p>What were your prior experiences in retail?</p> <p>What did you feel you brought to the table when considering this retail format?</p>
Schwartz basic values	<p>Did you think this retail format would be best for you personally? How so?</p>
<i>RQ3: How do business owners and other participants form or shape a MRSE?</i>	
New institutionalism and culture as "toolkit"	<p>How did you meet people interested in joining with you?</p> <p>Has the venture's format changed over time?</p> <p>What challenges did you encounter as you first formed or joined the retail space?</p> <p>If there is anything you could change about how this space functions, what would it be?</p>
<i>RQ4: How do MRSE participants' values play a role in the above actions?</i>	
Schwartz basic values	<p>What does business success mean to you personally?</p> <p>Would you prefer to have your own retail space some day?</p> <p>What benefits do feel you have experienced by engaging in this retail space?</p>
<i>RQ5: To what extent do MRSEs provide an opportunity for change toward more sustainable business methods?</i>	
New institutionalism and sustainable action	<p>Do you believe the retail model has an impact on its community?</p> <p>Do you believe the retail model attracts a certain type of business owner? Or consumer?</p> <p>What do you believe the future of the retail model is?</p>

Observations occurred at different times of the day and different days of the week to maximize the type of data collected and the various aspects of the phenomenon. For instance, for those I visited multiple times, I visited on a slower day and a busier day. The initial goal was to observe on two to three separate occasions at each location. Although I conducted two to four observations at my first three locations, I only observed the West Coast location once, having a better idea what could be uncovered during observation. The West Coast observation was also very fruitful, though singular. In a couple of the spaces, I was actually able to help out a bit with restocking or helping customers. I let the owners or managers determine if and when it would be appropriate for me to be involved in that way.

Each observation ranged from one to four hours, though I only resorted to less than two hours when I had already been in the space for a lengthier observation or knew I would be in the space more than twice. Informal interviews with customers, members, and employees who were present in the MRSE occurred, as appropriate, during observations. Though it was the only one that did not have full observations done during the study period, the New England location was viewed many times prior to the study, as I had been a customer there in the past. The location had not changed since I had last been there, indicating an ability on my part to describe the store's atmosphere and product independently of online resources. Indeed, my knowledge of this retailer was the catalyst for the study overall.

I recorded and organized field notes in "a persistent and systematic manner" to ensure the collection of rich data that allowed me to best ascribe meaning to what I observed, while also taking into account the situational context in which it occurred (Lofland, Snow, Anderson, & Lofland, 2006, p. 15). Sensory information, atmosphere, products, actions, conversation, and my own reflections were all included in the fieldnotes (Lofland, et al., 2006). I recorded more detailed field notes as soon as

possible after each observation to capture the richest detail and accuracy. Some jotted notes were taken in the field, though it was done in a manner that would not disrupt the participation and overall observation experience (Lofland, et al., 2006). Only during interviews did I take more extensive notes in the field, or sometimes audio-record the interview. I also requested consent to take photos in each location during observations, as long as people were not in them, which was granted. The fieldnote template is available in Appendix C. Images are included in the next chapter.

## **Data Analysis**

The study used an inductive approach to analyze the data, which occurred simultaneously alongside data collection. Analytic induction is appropriate when attempting to gain a rich understanding of a particular social phenomenon (Pascale, 2011). With analytic induction, themes emerged from the data using continuous coding, and were repeatedly compared and contrasted with one another. Pascale (2011) notes that analytic induction provides the richest and most complex findings when comparing many instances of the phenomenon to reach saturation, making it appropriate in this study. As discussed in the next section, during collection and analysis I maintained a journal to aid in overall analytic processes and conclusions.

Theory, such as cultural or institutional strategies of action (DiMaggio & Powell, 1991; Swidler, 1986), broadly guided research questions and the overall interpretation of data. However, theory was not forced onto findings; rather, constructs included in research questions were used to form initial codes. From there, data (transcripts, field notes, websites, and other media coverage) were coded and then organized into categories. Categories eventually formed themes that were used to provide a broader understanding of the MRSEs' activities, formation, and innovative attributes. Themes also provide implications for theory, future research, and practitioners.

## Rigor

Qualitative researchers typically look at the rigor of their studies through attempts to achieve credibility, transferability, dependability, and confirmability. Lincoln and Guba were some of the earliest researchers to outline these terms to describe criteria for qualitative research rigor (Anfara, Brown, & Mangione, 2002).

Credibility can be accomplished through using member checks, triangulation of data collection strategies, discussing the process with peers, and spending more time in the field (Anfara, et al., 2002). In this study, methodological triangulation has already been outlined above. In addition, I reached out to participants to engage in member checks during analysis.

Transferability is attempted through purposeful sampling strategies to ensure the phenomenon is present in each case or participant, in order to provide rich description of the phenomenon, experiences, and context (Anfara, et al., 2002). As I approached potential participants based on their engagement within a MRSE, purposeful sampling was accomplished. The emic perspective gained and use of both in-depth interviews, observations, and web content provided ample data to develop a rich description of MRSEs.

Dependability can be ensured to some extent through detailed written sections on research design, methods, and their effectiveness. They also note that this can be achieved through having peers examine findings or data, recoding data again after it was already coded to look for consistency in codes applied, methodological triangulation, or creating an audit trail (Anfara, et al., 2002). In the study, the detailing of methods continued as data collection and analysis began, ensuring the reader can best understand the approaches used and the feedback of peers were used during data analysis. As mentioned, this study also uses methodological triangulation.

Finally, confirmability attempts to ensure that personal biases do not enter the analysis, through triangulation of data collection techniques or sources, so that many perspectives can be seen; and through practicing reflexivity during the collection and analysis process (Anfara, et al., 2002). I used a reflexive journal throughout the data collection and analysis stages of the study, as well as discussed any potential conflicts with my advisors. To further ascertain confirmability of findings, I used data source and methodological triangulation techniques.

As mentioned, throughout the study, I maintained a reflexive journal. This journal provided necessary reflexivity at the outset to help me situate myself and my own assumptions about the phenomenon, to avoid bias as the study began. Second, it provided a space to work through frustrations and find solutions when preparing for sampling and data collection. Finally, the journal was a necessary tool in the data collection and analysis process to work through possible interpretations as categories and themes emerged.

In conclusion, the study used an ethnographic mindset within a qualitative analytic induction approach. The use of in-depth interviews and participant observation both provide inside perspectives on the intentions and actions of the MRSE participants and are both often utilized in ethnographic studies. Text analysis of web content further builds on the phenomenon by capturing how these MRSE participants envision themselves in their communication to others. Overall, these methods will aid in building an image of why and how business owners engage in MRSEs, how they form, and what their benefits are for local economies, while expanding the body of literature on small retailers. This is increasingly relevant in the changing retail environment seen today.

## Chapter 4: Findings

Chapter 4 contains the following sections: (a) emergence of a new retail format and (b) theme development.

To best address the study's research questions, the analysis focused on understanding the MRSEs' participants and activities; what factors shaped the activities and attributes of MRSEs; and what innovative qualities, if any, MRSEs displayed as a retail business model. As such, I address research question 1 under the first section, emergence of a new retail format. I address research questions 2 and 3 under the second section, the evolutionary path of a MRSE. In the third section, regarding MRSE's role as business incubators, I primarily address research question 2, though present some information to further support research question 1. Overall, the themes that emerged never fully address research questions 4 and 5. However, there are pieces pertaining to question 4 in the first and third sections and to question 5 in the first section.

### **Emergence of a New Retail Format**

As I went through this process, I focused on the concept of a retail business model as, "a well-specified system of interdependent structures, activities, and processes that serves as a firm's organizing logic for value creation (for its customers) and value appropriation (for itself and its partners)" namely through the components of retail format, activities, and governance (Sorescu, et al., 2011, p. S4). Both Sorescu, et al. (2011) and Reynolds, et al. (2007) indicate that retail format is a physical manifestation of the business model. As a result, I first detail the nature of these retailers, in terms of their operations, ownership, and retail mix in order to address research question 1 regarding their retail format. The retail mix, as Sorescu, et al. (2011) describe, is intrinsic to a retailer's format, activities, and governance, meaning that I

would be able to more fully understand what, if anything, might make a MRSE unique. After discussing the operational and ownership aspects of the stores, I describe specific retail mix strategies of location, product, price, promotion, atmosphere, and people (Berman, Evans, & Chatterjee, 2018). A summary of the operational characteristics of each of the five MRSEs is available in Table 4.1, to be considered in addition to store details outlined in Tables 3.1 and 3.2.

A note that each store with a membership-based model differs in how they refer to their members, whether as vendors, artists, dealers, or members. I will only use the term “members” here to avoid confusion. Any names used throughout are also pseudonyms.

**Operations and ownership.** The operations management of a retailer includes both financial and daily process decisions relevant to the retail format, including strategic profit planning, budgeting, management of inventory, store maintenance, outsourcing, and the role of employees (Berman, et al., 2018). Retail ownership, on the other hand, can take the shape of independents, chains, franchises, manufacturer ownership, or consumer ownership (Berman, et al., 2018).

While all of the MRSEs studied have undergone some sort of retail operations transformation over time, which will be discussed in later findings, the current configurations do have similarities. Most locations (4 out of 5) are independently owned, sole-proprietorships that use a similar model bringing in members who sell their own merchandise. In this model, members pay a monthly “rent” or “flat fee” and then the store takes a commission on the member’s sales each month, similar to an antique mall. The ones who collect monthly rent base that fee on square footage of the member’s booth. As a result, Jeff, the 60-year old owner of the Southeast MRSE discussed that for members the money made per square foot is critical. So, sometimes those with smaller

products that take up less space, thus paying a lower rent, will do better business overall. As Naomi, the 37-year old New England owner describes, “My business is basically a container to support theirs [the members]. I manage the store myself, taking care of everything from the lease to permits to sales tax, and I try to give the dealers a say in whatever business decisions I can” (Paknis, 2016).

Even within member booths, some additional sharing occurs in both the Midwest and Mid-Atlantic locations. Some members collaborate with others they know, or even form mini collectives, to fill the booth and share the payment and other responsibilities. Additionally, the owners in all of these membership stores do sell alongside their members. Some continue the business they had prior, such as being a vintage clothing seller or a painter, while others have created a new niche for themselves along the way. For instance, the 46-year old Mid-Atlantic owner, Bobby, who continues to sell the architectural salvage items he sold when first opening the store, has since created his own line of locally-inspired products that are produced in-house by his employees and him. He sells them not only there in his own booth, but also online, with order fulfillment taking place during working hours on site. Only one other owner directly sells their products online. None of the MRSEs sell online as the retail entity itself.

The four membership stores, Mid-Atlantic, Midwest, New England, and Southeast, have between 11 to over 60 members in each space. Of those, two require that members work in the space, and one offers that option in return for a discounted rate on rent. The one owner who does not have members work seeks to reduce confusion around training or customer experience by having dedicated, paid staff running the space. This space also has more than 60 members, further explaining why they might be concerned about the possibility of confusion. All of these locations were

also full or very nearly full, as regards member space, at the time of observations. One even advertises on their website that they currently have a “wait list” for new members.

Other than what the retail space itself provides, along with labor from some, the members do not share other resources directly. In only one case, New England, is more beyond these resources provided. The owner, Naomi, provides an on-site photo studio to help the members’ online businesses, as well as an on-site co-working office (Coelho, 2014).

The fifth MRSE, on the West Coast, is set up more like a cooperative in that three independently-owned retailers exist within a connected space. There is no one overarching owner of the space, as in the membership-model MRSEs. As such, they do not bring in external members to set up additional booths or provide product; each West Coast owner is entirely responsible for the investment in the space and the potential liability should things decline. The three stores’ owners collaborate in various ways. For instance, they share utilities, communication with the building owner, decisions regarding business hours and the opening and closing schedules, combined purchasing power from some clothing vendors, and some marketing efforts. However, they each manage their own employees, store layout, merchandising strategies, and social media.

The term used most often to describe the retailers, on websites and by employees or owners, is “collective.” Two had no association with that term, which were the West Coast and Mid-Atlantic locations. The West Coast preferred to use “co-op” when they had to describe themselves in business settings. Nevertheless, they do not use that term in online content or to customers in store. They instead prefer a nickname that was coined by a marketing professional with whom they had once worked: “The M[.] Street Girls.” Likewise, the Mid-Atlantic location prefers a nickname that came from a customer, “It’s like Etsy live,” otherwise using the term “marketplace” to describe

themselves online. They seem most intent on distinguishing themselves, and their store image, from the term “antique co-op” and what it conjures. The term “co-op” is used sometimes by the Southeast location, though that is primarily a holdover from the original owners who ran it more like a traditional co-op.

While the membership MRSEs do share in local economic development and resources, at the same time they all have one owner that makes ultimate decisions. Thus, though many refer themselves as collectives, they may not fully fit within the concept of McLaren and Agyeman’s notion of the “collective economy” (2015). Even though many owners state that they try to include members in as many business decisions as they can, in the end decisions come down to the retail owner. A true collective eschews hierarchy of workers and management, but does not include ownership in that proposition, which cooperatives do (Cultivate.coop, 2016). One member even states that she wishes members were more involved in the decision-making and the idea creation process and could have a greater sense of ownership and engagement in the business. That is why she does not like to consider the retail space a cooperative, though she still refers to it as a collective to make sense of it in her mind, “I call it a collective because we are cooperative in that we all participate in running the place and we all have our stuff here, but none of us own it.”

**Location.** Location is a major decision that retail owners must consider when setting up a store and includes the decision to use a nonstore or store format, as well as what kind of shopping district in which to set up a physical location (Berman, et al., 2018). The five MRSEs are all located in popular shopping districts or neighborhoods in small- to medium-sized U.S. cities with populations ranging from around 60,000 to 470,000, based on U.S. Census Bureau estimates for 2016.

Table 4.1

*Operational Characteristics of Participating MRSEs*

Region	Ownership model	Financial arrangement	Member Responsibilities	Other Resources Shared**
Mid-Atlantic	Sole proprietor; Membership	Member rent based on booth size; commission on sales	Do not work in space; restock, display, maintenance of booth	Marketing; events
Southeast	Sole proprietor; Membership	Member rent based on booth size; commission on sales	Some work in space (for a discount); restock and display (less maintenance)	Some marketing; some labor
Midwest	Sole proprietor; Membership	Member rent based on booth size; commission on sales	Must work 3 shifts/month; restock and display, including fixtures and lighting	Labor; marketing; events
New England	Sole proprietor; Membership	Member flat monthly rent; commission on sales	Must work 2-3 shifts/month; restock and display	Photo studio; co-working office; labor; marketing
West Coast	Sole proprietors; Cooperative	Independent owners; split utilities; combine communication to landlord	Each manages their own store and employees	Some purchasing; marketing; hours; some labor

\*Beyond owner(s) \*\*Beyond retail space

Developed from study data.

Four out of five MRSEs are in central business districts and one is in a secondary business district. All of the cities have the draw of some combination of colleges, arts communities, and historic sites. The districts where the MRSEs are located are revitalized, “hip” areas of each city. There is a steady flow of foot traffic for all stores, especially on the weekends, as they tend to be destination areas for those enjoying the day or evening out. Typically, other clothing or gift retailers, art galleries, and cafes or restaurants are within a block or two of the MRSE. The Southeast store, along with the other food and shopping options on the same property, are also in the midst of a popular residential neighborhood, further lending to the flow of foot traffic. In the case of the Mid-

Atlantic retailer, the block they are on was initially known for vintage and antique stores, though it has branched out in more recent years to include gift and clothing stores and galleries outside of that focus.

**Product.** Product assortment includes the breadth and depth as well as the types of labels or brand provided, along with the overall product quality (Berman, et al., 2018). The owners of all five MRSEs focus on overall breadth, or variety, of merchandise and less on having a large number of each product available (wide and shallow assortment).

Unique and constantly changing merchandise offerings are advertised on the MRSEs' websites and described by owners and managers in interviews. For instance, Jean, the 56-year old Midwest owner, said when describing who they like to bring in as new members, "we like the slightly strange." As Noelle, a 55-year old West Coast owner, described, "we beat to our own drums. We buy what we love and if it's a color...that's really in right now, then let it be. But, that's actually part of our success, is that people seek what we do that is really unique." As a part of this, constantly changing merchandise is important to their stores. Eric, the 33-year old manager of the Mid-Atlantic location states, "It really helps to have something new all the time. That's like the cool part about it. With 60 vendors, you know, you can come in twice a week and there will be something new, throughout the store."

Having multiple members provides four of the locations a low-cost way to provide this exciting and varied inventory, as the owners do not have to buy the majority of it up front. As Davidson, et al. (1976) discuss, shifting "a greater portion of the investment burden back up the channel to merchandise suppliers" is a good strategy for long term viability (p. 95). For instance, three of the spaces provide a range of products from antiques, art, handcrafted home décor and accessories, and vintage, secondhand, or

handmade clothing, thanks to their members. On the other hand, the New England store provides variety within vintage clothing by having 11 members each with their own aesthetic or brand focus for merchandise.

Finally, the West Coast location houses three separate stores each with its own direction, adding to the variety of merchandise offered across one gift store and two women's clothing and accessories stores. They chose to work together originally in part because, according to 65-year old owner Isabella, "we... liked the cross-pollination of our three stores' aesthetics." All three focus their merchandise in terms of "edgy" clothing and gift offerings that are outside of the mainstream; according to Noelle, "it's kind of a mecca... for really unique product."

For three out of five locations, Southeast, Mid-Atlantic, and Midwest, locally-made or sourced products are a large part of how to provide unique merchandise and a major strategy in how they decide what members to include. The West Coast clothing stores do not focus entirely on local products, though they do make it a part of their overall merchandise strategy to seek out some local designers. They then promote these local options on their blog or social media pages and spread the word to customers in store. As Noelle describes, she is interested in local clothing lines when she sees something that fits with the store's aesthetic, price point, and quality standards, but says, "we are all from the same planet. If we find something well made from other parts of the world, that's good too." These efforts toward local or unique merchandise are reinforced in the ways that all the MRSEs market their image on websites and even within store. They often use phrases like, "shop local" or "local artists" or "one-of-a-kind treasures."

The only clear indication of a response to research question 5 came with the merchandise focus on local or sustainable practices. While sustainability was the

primary focus of only one store, there is evidence that environmental or social sustainability plays at least some role in each MRSEs' product assortment. The Mid-Atlantic store focuses specifically on remade, secondhand, or sustainably-made products from their local members, and advertises as such on their website and other marketing materials. The owner, Bobby, is also passionate about fair trade and Made in America products. The Midwest and Southeast stores integrate environmental sustainability into their merchandise through some members' focus on remade clothing or jewelry, though it is not the owners' main strategy for selecting members; local entrepreneurs or artists are most important to them. Naomi, the New England owner, also recognizes the sustainable benefits of buying vintage over new apparel and says that customers are looking for those benefits (Williams, 2017). The West Coast clothing shops support the idea of environmental sustainability through a focus on what could be described as slow fashion: high quality, well-made apparel that uses primarily natural fibers, with some labeled as made in the U.S. The adjoining gift shop likewise integrates some remade, eco-friendly, or locally made products to their mix. Nevertheless, the West Coast stores are not explicitly geared toward the idea of "sustainability" in the way they describe their stores or merchandise. The reasoning behind different owners' emphasis on local or sustainable merchandise also provides some insight into personal values, per research question 4.

This focus on unique or "niche" product, whether through local, handmade, artisan, or sustainable measures, is in keeping with expectations for independent specialty shops according to literature (Lee, et al., 2008; Lee, et al., 2016; O'Hare, et al., 2018). Likewise, flea markets and antique malls are known for providing a wide and shallow assortment of one-of-a-kind finds, though at varying degrees of quality (Palmer & Forsyth, 2002).

**Price.** Pricing strategy goes hand in hand with a retailer's merchandise strategy and considers what price ranges and markdowns are consistent with brand image (Berman, et al., 2018). While price was not a main focus of the study originally, it came up a few times from owners or members. In general, each owner wants to ensure that their product remains accessible to their target market. Some have tried different price points in the past, to see what would sell best.

Overall, since many of the MRSEs have a wide range of products, from cards to jewelry to secondhand clothing, there are items at a more accessible price for a wide range of customers. As the New England store has stated online, they have accessories under \$10, though most apparel is between \$18 to \$40, with some designer items much more expensive. So, in general, there are products at almost all spaces, that can cater to a wide range of customers, especially those that are looking for a special item as a gift or treat for themselves. Observations seem to confirm that customers for the stores indeed vary in terms of economic status, though the majority appear to be in a middle-income level.

The only MRSEs truly using a higher price point, and with customers at a little higher income level, were the two West Coast clothing stores. One has product ranging from \$50 to \$300. Owner Noelle says she tries to keep it under \$300 and only brings in something a little above that if it is a really unique and spectacular garment. Some of the tops and much of the jewelry were more likely to be under \$100. The second clothing store has a little higher price point overall and the gift store has the most accessible price range for a wider clientele of the three, since many items are much smaller, like handmade soap or greeting cards. It should be noted, though, that this MRSE is also located in the city with the highest cost of living compared to the other four cities.

Pricing even directly affects the way a store is laid out or how many members are included. As Jean, the Midwest owner, discusses, sometimes she wishes she could lay out the shop more like a formal gallery so that each piece could really be highlighted, but she does not want that to affect the accessibility of the products. If they were more spread out, it would mean each piece would need to be more expensive to try to remain profitable in the space. She says, “I like bringing art to the masses. I do, I’ve always been about that. And I think we are able to accomplish that here. We have things, you know, that range from 10 dollars to a thousand.”

Members also recognize the difference in what price points will sell best in the MRSE versus their other selling formats. Julie, the 53-year old manager and member in the Midwest, who also sells her products at festivals, says, “the type of things is a higher dollar amount that I could sell here. Because festivals it’s mostly [tie-dyed] t-shirts and bandanas, where here, I can do felted stuff [like hats and bags] that’s way more expensive.” On the other end of the spectrum, Eric, manager and member in the Mid-Atlantic says that though he still sells online through Etsy and some other formats, he does not as often anymore, “because, you know, when you have space here you have to fill it. So, I try to keep most of my inventory here, but any higher end things I still sell online.” So, these MRSEs can provide higher price point outlets for textile artists such as Julie to branch out, while those like Eric selling vintage goods might have better luck consistently selling lower or medium-priced items in the store.

**Promotion.** Promotion is an important strategy in communicating to customers and can include advertising, sales promotions, and publicity (Berman, et al., 2018). Overall, the MRSEs participate in and organize a variety of promotional strategies beyond traditional advertising. These include involvement in business associations,

informal support from (or to) other local businesses, events, social media marketing, and word-of-mouth marketing.

Two, Mid-Atlantic and Midwest, are part of formal associations in their immediate district or block. The Mid-Atlantic's is a specific block that works on events and marketing materials together. Likewise, the Midwest's district is concentrated around art and artists, which has led to the organization of a nonprofit association for those businesses and non-profits. They also organize events and other marketing efforts together. One of the West Coast clothing stores also advertises their membership in the local Chamber of Commerce. The New England store is part of an informal, close-knit community of local vintage retailers and sellers, who support one another (Paknis, 2016). On the other hand, the Southeast location is actually forbidden, in the lease, from forming a business organization with the others in the refurbished mill building that owns his store property. When asked if that meant the property owner does a lot of marketing for these businesses instead, Jeff indicated it is minimal.

At the shops, you can see how the community in which they are situated is important. The Midwest and Mid-Atlantic stores are particularly engaged in their communities, even beyond their business associations. They both have many areas within each store where they advertise local events, musicians, artists, and other businesses or services, whether through fliers, posters, photo walls, or business cards. The Midwest location takes it a step further by actively trying to encourage customers to register to vote, providing registration forms on site and offering to pay the postage to mail it for you.

Regardless of membership in any association, every MRSE participates in retail or other local events that take place in the community. A few places have First Friday each month in their district that they describe as a very positive draw for their

businesses, and also functions as a way for the many members to spend time together. Some participate in wine strolls, art walks, or other festivals put on by the town or a local association. Southeast employee, Lucy, says that the wine stroll is one of the few events that they participate in as a retailer and they enjoy having the reputation for serving “the best food spread” though it is at the owner’s cost. Others even arrange their own events that bring together other community members, such as musicians, artists, or food vendors. For the Mid-Atlantic MRSE, this has included organizing charity events in their courtyard to give back to the community, such as a dinner for local refugees or a fundraiser for pit bulls. These community events coincide with what Lee, et al. (2016, p. 83) say about the importance of active community involvement on the part of independent local retailers, in order to draw in customers.

Otherwise, social media, store websites, and word-of-mouth marketing are the primary forms of promoting their businesses to the community and wider customers. This is consistent with the findings on independent fashion retailers from O’Hare, et al. (2018) which showed the importance of social media and word-of-mouth marketing. Particularly, social media is the most updated and vibrant form used, with all promoting their members or products, as well as local events in that way, whether on Facebook or Instagram. One of the West Coast stores also writes their own blog to showcase local designers and other products. Some of the stores, such as the New England, West Coast, and Mid-Atlantic locations, have also received a lot of publicity from local press and other websites.

The Southeast owner is the only one who does not want to openly advertise the “collective” aspect of his shop. Jeff stated that he does not want people to associate it with an antique mall, which he believes has negative connotations, so he works to direct the store’s image in a different way. He does not like to advertise too heavily that they

have different members and prefers to say, “we have many local artists.” This also goes along with the fact that he does not like the store to look like it is split up into distinct booths, but rather he maintains a more consistent image. Under the original owners Jeff says it never felt cohesive, rather it felt like a hodge-podge and he did not want to continue that image when he took over.

Regardless of whether they like to advertise the membership nature of the store or not, they all focus on the local aspect of their merchandise and suppliers in their social media, website, and in store advertising. On their websites, words such as “local artists” or “local craftspeople” are used. In store, some have signs that indicate things like, “thanks for shopping local!” As Eric says, the local nature of the product and members is important to their success,

I think that's what keeps people coming back is because, you know, they're so ... They [customers] feel like they're celebrating a local artist or artisan as well as, you know, local people. [...] we try to make it known that you know when you spend money here, you're supporting, like it's a micro business, so you're supporting people's kids going to college or, you know, just people feeding their kids, you know? Whatever it is.

This connection to local product and local knowledge goes hand in hand with word-of-mouth marketing and differentiation through personalized service (Coca-Stefaniak, et al., 2010).

**Atmosphere.** Another factor in communicating to the consumer is through the physical features of the store (Berman, et al., 2018). This includes the storefront, product displays, lighting, music, and so on. These attributes are critical to creating overall brand image for the store.

The storefronts of all spaces mimicked the interior atmosphere and worked to invite customers in for an experience. For instance, the Southeast store is in an old house that has a front porch brimming with live plants and white wicker furniture, making it feel even more like you are walking into someone's home (see Figure 4.2). The West Coast locations have large windows in their storefronts with colorful and engaging displays easily visible from the sidewalk. One of the clothing stores hires their own part-time visual display person to help with storefront and interior displays. While I was there, they were enjoying beautiful weather and so the shops left their doors wide open, making the conversation, visitors, and music hard to ignore for passersby.

As noted when discussing product, the element of the unexpected or unique plays into each store's atmosphere as well. The different MRSEs' websites often use terms like "discover," "experience," and "explore." The spaces provide a shopping environment that encourages experience and connection for the customers. As the Mid-Atlantic store advertises online, it is "where shoppers can spend hours perusing." The owner, Bobby, believes there is an "entertainment" aspect for customers when shopping in the space, both in taking time to browse and experience everything, and having nostalgic moments with some items. He likes that his store gives more to the customer than just consumption; it gives them a more emotional connection to the space. Bobby also describes that his store image is largely built around the idea that shopping in a multi-member space should not be "boring" like a typical antique mall, and instead avoid repetition. This sentiment is echoed by Jeff, owner in the Southeast, who wants to avoid the "boring" merchandise and atmosphere that big chains offer.

When walking into the stores, the customer is visually captivated by the wide variety of colorful, funky, even unexpected merchandise. The four membership MRSEs set up their members in individual booths that may be more fluidly or distinctly separated

(see Figures 4.1, 4.3, 4.4, 4.5, and 4.6). This setup encourages a sense of exploration, as if you are visiting many different shops at once. The layout has the customer move through in an organic way that encourages the consumer to wander and peek around each corner or booth, or even explore multiple levels of product. This is considered a free-flowing traffic pattern, as opposed to gridiron, and is commonly used in boutiques to create a friendly atmosphere and encourage browsing in a retail store (Berman, et al., 2018). Some manage to maintain a cohesive feel overall, even though members' products are in distinct booths. For instance, Jeff, the Southeast owner, purchases product for the store as “essentially its largest member” and he intersperses his product throughout to act “like the polymer that mixes in and holds everything together.” Three of the five MRSEs seem also to reinforce a cohesive image and sense of discovery through the use of refurbished old homes or warehouses that have kept some of the original floors, wood beams, brick walls, or exteriors, showing character and history (see Figures 4.2, 4.3, and 4.5). This exploratory shopping experience aligns with the feel of some flea markets, which can be described as encouraging dynamic traffic patterns and “spaces of intimacy” both with product and people (Hansson & Brembeck, 2015, p. 108).



*Figures 4.1 and 4.2. Southeast store. Showing a more crowded, but cohesive in-store layout and the inviting nature of the front porch and entrance area. Photos by author.*



Figures 4.3 and 4.4. Mid-Atlantic store. Showing the contrast between fluid and distinct booth layouts. Photos by author.



Figures 4.5 and 4.6. Midwest store. Showing variation in atmosphere and layout between upstairs and downstairs. Photos by author.

The other two, as primarily clothing-focused MRSEs, look more like what consumers might expect from a clothing or gift boutique's layout, though with a distinctly quirky twist. While the New England space does separate members' merchandise by booth, it is still set up on racks in an open, clean 3,000 square foot space with high ceilings, white walls, and large windows in a prime corner location (see Figure 4.9). There is a lot of light and space with built-in changing rooms, making it feel different than a typical vintage or secondhand clothing store. One journalist described it as offering "a calmer shopping experience than [*sic*] the usual claustrophobia of thrifting" and as,

owner Naomi says, it “feels more like shopping at a fancy boutique than [*sic*] a resale shop. The clothing is clean and trendy, not costume-y” (Follett, 2018).

The West Coast location with its three separate stores is connected on the inside (see Figures 4.7 and 4.8). So, customers may walk into one store and find themselves browsing among all three. While I visited the location, I saw customers shop extensively in the two clothing stores at once, as though it was the same experience. As one of Isabella’s employees said, it is a team atmosphere between the stores and they all work together to help customers, making the experience as seamless as possible, even when trying on clothing or purchasing across stores.

Friendly conversation and engaging music are both commonplace across the MRSEs. Not only do employees, owners, and members converse easily with customers coming in, they also enjoy chatting with one another about work, life, and so on. The music playing goes along with this feel, typically playing something fun to move to or sing along to, such as Ella Fitzgerald, indie rock, classic rock and punk, or electronic. Those working in a couple of the shops would even sing or dance along at times while doing other tasks. In one MRSE, an employee mentioned that multiple customers have commented on their selection of music and really enjoy it. Overall, the majority of the spaces felt fun as a result not only of how they are set up and the product they sell, but also because of the mood of those working there and other auditory elements employed.



*Figures 4.7 and 4.8. West Coast store. Showing the connected nature of the three stores, looking from center store into the other two. Photos by author.*



*Figure 4.9. New England store. Showing open layout and appealing booth display that faces the large storefront windows. Photo from Patty J (2016).*

**People.** The various actors involved in a retailer, including customers, employees, suppliers, and others in their network, play a significant role in retail governance and customer experience (Sorescu, et al., 2011, p. S6).

The level of involvement of MRSE members and the use of additional employees beyond the owner varies by location, with some hiring paid employees and some relying on their members to be the primary employees. For instance, the New England and Midwest locations rely almost entirely on their members to run the space as part of their responsibilities, working two or three shifts per month. The New England location has hired only one outside employee according to Naomi, “a social-media and retail consultant” (Paknis, 2016). The Midwest location has only one paid employee, a manager who is paid primarily through exchange, having her member booth fee covered by her work hours. Even within those that pay at least one employee, they are often also members. For instance, the managers of the Mid-Atlantic and Midwest stores are both members with their own businesses to run.

The West Coast and Southeast locations rely on the owners and paid employees to run the shops. In the West Coast location, the owner of each of the three shops manages their own paid employees, each having multiple employees. The manager of one of the shops does help to provide cohesion across all three stores, though. On the other hand, the Southeast location offers members the option to work some shifts per month for a reduced rate, but most do not take that option. Jeff, the owner, indicated that they used to require all members to work, but it became too much to have two or three people working during each shift when they moved to a smaller 1,000 square foot location. The only paid employee he has works part time and is not a member, leaving Jeff to pick up a lot of extra shifts. When I last spoke with him, he said he might have to bring in another paid employee to make it work at this point.

For those in a membership model, members are typically responsible for display and maintenance of their own booths. Only one owner does not feel maintenance is sufficiently managed by members, so he and an employee often do overall cleaning and tidying. Many of the members are also employed outside of their entrepreneurial endeavors, whether part-time or full-time, in a variety of job roles and industries. Some are stay-at-home mothers or retirees. There are a few members at each space who indicate they are able at this point to focus on their art or other entrepreneurial endeavor. For instance, in the Mid-Atlantic, a leather worker who recently started selling and working from the space has been able, for the past two years, to focus only on his leather business and no longer has to take other jobs to help support himself. In general, the members I spoke with across locations were split between being a part of the MRSE for less than a year or between two and seven years.

While MRSEs typically encourage community among its members and employees, it is not always the case. Some have vendor nights, an annual potluck, or simply the popular public event nights where most members and other stakeholders join together and feel a common bond. In fact, many members I spoke with from the Mid-Atlantic and Midwest note that one of the benefits of being in a space like this is the community it provides in what, for many, is solitary creative work, such as leatherworking, painting, and so on. Nevertheless, in most places it is the manager or owner who provides the connection to everyone. Many members never see each other regularly since many have other jobs or work different hours in the space. The Southeast owner in particular feels that, while the prior owners had encouraged meetings and regular get togethers for members, currently most members are not interested in being that involved. He stopped holding those kinds of events once he took over ownership. Another space originally held member meetings but eventually stopped. Some members

would like to bring back the meetings, so they can have a stronger sense of community and sense of ownership, but it has not restarted at this point.

Overall, the owners, members, and employees participating in the MRSEs are rather diverse in age and gender (see Table 3.2). The MRSEs are split with two spaces having male owners and three having female owners. The owners range in age from 37 to 65, with an average age around 53. In the case of race, there is more homogeneity, with all owners, managers, and employees I interacted with Caucasian. The employees in most spaces were within the same age range as owners, except for at the Mid-Atlantic and New England spaces where employees were in their twenties or thirties.

Customers in the spaces appear to be more diverse. There were intergenerational groups of shoppers seen in three of the spaces on a regular basis during observations and both men and women shopped in all MRSEs. Overall, shoppers represented a wide range of ages, from groups of teenagers to those in their eighties. Racially and ethnically there was a greater amount of diversity, as well, with major census groups represented at most stores, though the majority were still Caucasian.

The clientele overall is a mix of both foot traffic based on the popularity of the shopping area and loyal repeat customers. In the West Coast clothing stores especially, they have a strong base of customers that they have worked with throughout their time in business. Interestingly, they also bring in some tourists because of the uniqueness of the brands they carry. During observation, a woman came in with her suitcase right from the airport to shop because she knew she could buy certain hard-to-find, high quality brands there. She claimed she would be back again before the end of her stay. Both the Southeast and Mid-Atlantic MRSEs also state that tourists make up a large portion of their customer base at certain times of year. However, it is not the only clientele. As Eric, the manager of the Mid-Atlantic location says,

...[the store has] grown in those 10 years pretty substantially, so we feel like we have a pretty good following, but... it is difficult because we're more of a destination for, like, travelers, so when people come to [this town], they search for things to do [here] and we always pop up in like the top five. Um, but people who are local, we get so many people every day who come and say, "I've lived here my whole life. How long have you been here?" You tell them, "10 years," and they're like, "No way. No way. I've never been here before." Just because they don't search things to do in their own hometown, you know, so. It's a little bit of a struggle to get new locals, but when people find us, they do come back.

**Summary of the MRSE retail format.** As shown by reviewing various aspects of the MRSEs' retail mix and operations, these businesses appear to be an amalgamation of retail formats. While the membership MRSEs in particular operate in a way that has been seen in other retail formats, i.e., charging rent and commission to sellers as can be seen in antique malls, they all tweak certain aspects of the retail mix to innovate and best compete in their environments. For instance, they locate themselves in popular shopping districts, expand the notion of what product assortment can coexist in a retail co-op, craft market, or gift shop, or they create a clean and engaging retail atmosphere and shopping experience with boutique-like displays, service, and marketing that diverge from the notion of a dusty, poorly lit, or crowded antique mall or vintage clothing store.

As Bobby describes, what he is doing is "not new" in the antique or vintage retail environment, but he is trying to do it differently. Jeff similarly agrees that the concept of antique membership co-ops or malls have been around for some time, though he feels he has tried to improve on it in his own operations. While Naomi recognizes that there are other collective shops around, she also sees her store as diverging from the norm in her product category of vintage clothing:

We're different in that we're huge, and most vintage stores are relatively small. We have 3,000 square feet of space. We're also different in that there's not one person stocking the whole store, so no one needs to buy in large lots. Since we have these smaller-volume dealers, they can be really picky about what they buy. They have free time to hunt pieces down and go to estate sales and auctions. And all of the dealers strive to buy stuff that's wearable in real life; we don't do a lot of costumey-type things (from Paknis, 2016).

Regarding ownership in particular, as depicted in Table 4.1 and discussed above the membership-model MRSEs, while collective or collaborative in many ways, do not truly represent a cooperative, as the members do not have ultimate say in any decisions, nor any true sense of ownership. Each of the membership MRSEs has one owner and none are set up as non-profits. While some membership owners try more than others to involve members in decisions, none of the spaces are currently holding regular member meetings, though two had in the past. Only the West Coast retailers, who do not use the membership model, follow something like a cooperative, by making shared decisions and putting in place shared practices that directly affect all three independent businesses involved. Thus, the concept of a MRSE does not fully fit under the idea of a cooperative.

To better address the first research question, regarding the uniqueness of a MRSE's retail format, Table 4.2 illustrates how MRSEs compare to other store-based retail formats. It shows little similarity to the common formats of department stores, discount stores, or off-price retailers, based on each combination of characteristics. Even a typical specialty store has differences from a MRSE, particularly with regard to product. Specialty stores tend to focus more narrowly on meeting a specific target market's needs within a specific product category, sometimes even as narrowly as one

clothing type for one gender and/or age group. They then provide depth within those specified categories. On the other hand, MRSEs provide a variety of product categories with shallow depth, from clothing to art to furniture, that meets the needs of a wider range of consumers.

In addition, a MRSE does not truly mirror a flea market or antique mall, as the atmosphere, location, and even range of product categories differs from the typical offerings of those formats. For instance, the MRSE provides a similar uniqueness of product assortment as these formats, yet with a better level of quality and service. They also provide more variety of products than a straight antique mall, as they branch out into newly made, local products such as art, jewelry, and clothing. Within the notion of a flea market, I include art, craft, or makers markets, which also rely on supplier-owned goods, local or secondhand goods, supplier labor, and a discovery-like shopping experience similar to a membership-model MRSE, yet are periodic in nature, unlike the permanence of a MRSE. The atmosphere and location of a MRSE also differs from the typical flea market or antique mall, in that it builds a friendly and inviting atmosphere in a permanent, popular shopping district.

With these comparisons in mind, alongside the idea from Reynolds, et al. (2007) that retail format and model changes are based on any of a number of operational innovations, such as product offerings and value, shopping experience, promotion, use of resources, or brand image, I argue that the membership-model MRSE in particular is a new retail format that borrows from specialty boutiques, flea markets, and antique malls. It does not espouse all elements of any one existing format, but rather the owners and other participants develop their own practices to ensure viability in their retail environment. This aligns with Swidler's (1986) notion of a cultural repertoire that people develop to guide their strategies of action using the cultural tools available to them, such

as beliefs, rituals, and symbols. As Swidler argues, culture not only provides the tools available to individuals and groups, but also allows the creation of new strategies of action, developed and reinforced by these same tools.

Table 4.2

*Comparing the MRSE to Common Store-Based Retail Formats*

Format	Ownership	Location	Product	Price	Atmosphere	Frequency
MRSE	Independent or cooperative	Popular urban business districts	Supplier-owned; Wide & shallow; Average to good quality	Competitive to above average	Browsing, exploration; Average to high appeal & service	Continuous
Specialty	Independent or cooperative	Business district or shopping center	Narrow & deep; Average to good quality	Competitive to above average	Average to high appeal & service	Continuous
Department	Chain	Business district, shopping center, or isolated	Very wide & deep; Average to good quality	Average to above average	Good to high appeal & service	Continuous
Full-line Discount	Independent or chain	Business district, shopping center, or isolated	Very wide & deep; Average to good quality	Competitive	Below to average appeal & service	Continuous
Off-price	Chain	Business district, suburban strip, or isolated	Moderately wide & shallow; Average to good quality	Low	Below average appeal & service	Continuous
Flea Market	Independent or cooperative	Isolated site or arena	Supplier-owned; Wide & shallow; Variable quality	Very low	Large space or open-air; Exploration; Very low appeal & service	Periodic
Antique Mall	Independent or cooperative	Isolated or shopping center	Supplier-owned; Wide & shallow; Variable quality	Low to above average	Large open space; Exploration; Very low to average appeal & service	Continuous

Modified from Berman, et al. (2018, pp. 118-128)

Antique mall information from Palmer and Forsyth (2002) along with current study data.

## Theme Development

Having detailed the nature of these MRSEs in terms of their operations and retail mix, I now focus on addressing research questions 2 and 3, regarding how and why individuals engage in these spaces and how a MRSE forms. To do so, I look at what factors and innovations relate to MRSEs' origin, evolution, and continued role in entrepreneurial growth. These concepts were formulated with an eye to the theories and frameworks of new institutionalism, retail change and innovation, and the sharing economy. The two main themes that emerged are, (1) the evolutionary path of a MRSE and (2) MRSEs as incubators for local entrepreneurs.

**The evolutionary path of a MRSE.** In response to research questions regarding motivation and formation, the MRSE owners all went through different steps to end up where they are today. Since inception they have evolved how they organize and run their store operations and merchandise. For many, they have been in business around 10 years; only one has been operating for less than five years. While each owner may have arrived at their current configuration in a different manner, they all faced similar overarching factors that influenced their decisions regarding their stores. Viewing the phenomenon through new institutionalism and small retailer innovation, the primary factors affecting implementation and change to stores' strategies and operations were broken down into the four sub-themes: (1) acting upon internal and external opportunities, (2) use of internal and external networks, (3) conflict and negotiation, and (4) expectations for the future through growth or downsizing. These align with the notion in both new institutionalism and small retailer innovation that both the external context the individual and organization is embedded within and the internal characteristics of both the individual and the organization are critical to the capacity for institutional change or innovation (Battilana, et al., 2009; Greenwood & Hinings, 1996; Quinn, et al., 2013).

***Acting upon internal and external opportunities.*** All owners faced new opportunities throughout the periods leading up to starting and as they continued to operate their stores. In keeping with both institutional change models (Battilana, et al., 2009; Greenwood & Hinings, 1996) and small retail innovation model (Quinn, et al., 2013), these were broken into external or field characteristics such as market and institutional environments, and internal characteristics specific to the retailer and the owner-manager. Externally, these included the economic recession, the rise of the maker movement, and changes in consumer demand. Internally, the owners experienced unexpected events like losing a job or a friend asking to partner with them. These external and unexpected changes can be likened to the “entrepreneurial event” described by Shapero and Sokol (1982). According to this concept, what was important was not only the fact that they faced these opportunities, but that they also took action when they occurred.

First, external broader changes related to the overall economy or consumer interests factored into the opportunities presented to owners and members. Four of the five stores opened between 2007 and 2009, which are significant for both the Great Recession and the maker movement. While the recession officially began at the end of 2007 and ran midway through 2009 (National Bureau of Economic Research, n.d.), the peak for unemployment, between 8-10%, took place from 2009 to 2012 (Bureau of Labor Statistics, n.d.). Jeff saw this as playing a big role in the rise of their store and the interest from members. As he describes it, there were a lot of cooperative and collective stores popping up on almost every block in the city at the height of the recession and “everyone was becoming a jewelry maker” after losing jobs or being underemployed. Additionally, the economic situation directly related to job loss for some.

At the same time, consumer interests and product suppliers were changing along with the rise of the maker movement and DIY culture. The movement earned its name from MAKE magazine when it began in 2005 (Maker Media, 2018). The maker movement is “the umbrella term for independent inventors, designers and tinkerers. A convergence of computer hackers and traditional artisans...” (Voight, 2014). Maker markets where people can sell their products in a temporary format, much like a craft or flea market, have also popped up. As a result, some MRSE owners indicate consumers’ interest in handmade and vintage items, much like they find online at Etsy, rose during this time and has continued to grow or remain high. Bobby believes that this movement has been a big part of their success and feels he was “lucky” to have it all come about in the “organic” way it did. The store started as only selling architectural salvage items directly from the owners and renting some studio space to artisans. They also offered a maker market in their courtyard periodically and people began suggesting to him that they sell the makers’ work in the store. When they began providing them retail space, after about a year in business, they were able to expand from the one original warehouse into a neighboring, connected warehouse. The member products have really taken over the space and the owner’s original product offering is only a small part of it now. His manager Eric says that there is now an independently run monthly makers market in their area, where some of their members also sell. He sees this as their biggest competition at the moment, indicating the strength of this movement. This is similar to the evolution that Jean in the Midwest describes, as the store,

started out as just a consignment gallery upstairs- Here and what you see. Um, I started doing some quarterly art markets downstairs where artists could bring in their goods and set up for the weekend. Uh, that was really fun and it kind of had

a, kind of a festival flair, you know what I mean.... And then some of the artists were like, can we just move in and stay....?

The primary overarching factor in motivating owners to change direction could be attributed to unforeseen events in their personal lives. Losing a job, or the potential for losing it, was a motivator for three MRSEs' owners. In the West Coast, the owners of the three stores had all worked at or had businesses in another local store before it was abruptly bought by someone else who did not want to keep it running the same way. So, they had to consider the other options available. Noelle, who had worked at the old store full time, along with her sister, and had been on the verge of releasing her own clothing line, says:

I'd rather do something really well than do 2 or 3 things mediocre. Um, I thought would be able to design and sell in our own store, hence the [store name] which was the name of my clothing label. Uh, but it happened so quickly, both my sister and I are unemployed, and what are we going to do? So, we took the name and registered it as a store.

She and the other store owners started to look at the other options available to them, and, as Olivia describes, "it was a happy accident" that they ended up in a joined space like this one. Isabella just happened to come across the three connected stores when looking for space for her business and they all decided, having been friends and coworkers for some time, they could make it work.

Bobby, in the Mid-Atlantic, was a co-owner of the MRSE from the start, because an old friend asked if he would want to partner with him on a business. He did so while continuing to work full-time at the local newspaper, even making the suggestion for the store's original concept of architectural salvage items. Once the economy went downhill

though, the newspaper consolidated a lot of its business and many people were laid off, himself included. So, Bobby came on at the store full-time in 2009 and shortly after that his friend and co-owner left unexpectedly. While the friend had been running the day-to-day operations since Bobby worked at the newspaper, he was suddenly left with a business he had very little experience running operationally. He took on the challenge though, hiring his first employee, another friend who had been laid off from his job, who was able to help out a lot, staying on for five years.

And while Jeff, in the Southeast, did not directly lose his job, the threat of it may have been a factor, as he used to manage the original store and was a member. When describing how he ended up becoming the owner five years ago, he says:

Honestly, [the prior owners, who ran it more like a co-op] just didn't want to do it anymore. Seriously, they just, I mean because it moved, you know the old building was being torn down, so they had to move. One of the partners just lost all interest and I had been running the store for a couple of years. And they just wanted, they were just going to close it down. And I saw the opportunity where they didn't. Their business model had a problem and so, I just thought I could do a good job with it.

The fact that the store had to move to a new, much smaller space also meant he had to reconsider the entire strategy. This is a large part of why he stopped requiring members to work in the space and has not brought in new members as often when someone does end up leaving. It also affected the types of merchandise he could carry in the space, as they can no longer carry as much furniture.

Another factor motivating owners' business operations or store image was the prior experience they had had in retail, whether as an owner, employee, or customer. This fits with DiMaggio's (1997) notion that an individual is more likely to question and then buck convention when they are most dissatisfied with an existing norm in a particular situation. Likewise, Shapero and Sokol (1982) describe negative information as more motivating for entrepreneurs to take action on. After years working part-time as a vintage clothing dealer, Naomi wanted to "give [vintage clothing dealers] a stable environment to sell their wares without the stress of running a business themselves" (Paknis, 2016). Jeff wanted to improve on both the business model and atmosphere of the original co-op of which he took ownership. And while Bobby has an interest in antiques and collectibles, he wanted to improve on the idea of a "boring" and "dusty" antique co-op that he disliked going to as a customer.

Finally, opportunity sometimes presented itself from other business owners in the retail environment. Naomi was given the opportunity to start the New England MRSE as a pop-up shop with a short-term, six-month lease in a prime downtown location when a landlord came to her looking for someone to occupy an empty space (Paknis, 2016). It worked so well, Naomi has continued to grow for more than three years, last signing a three-year lease in the original location. When Naomi went on to start a second location for vintage sellers in a different state last year, she employed the same technique, starting with a six-month lease. Similarly, Jean in the Midwest was approached by a developer who was looking for something to put in what is now her store's building. He liked what she had done with a former gallery she had owned and asked if she would be interested in doing something similar there.

As the above examples illustrate, retail owners need to allow a certain amount of flexibility and openness in how they operate and view their own business, in order to see

and act on opportunities that arise. The retail literature confirms that flexibility is very important to both innovation and viability (Davidson, et al., 1976; Quinn, et al., 2013; Sorescu, et al., 2011). In fact, during innovation, the owners or managers must be able to constantly refine their concept “through adjustment and experimentation” to align with external changes (Davidson, et al., 1976, p. 92).

Some members went through a similar “entrepreneurial event” leading them to join the MRSE. For instance, Eric had been encouraged for a long time by his friend, who was the prior manager of the space, to join. However, he did not take the plunge until he missed a deadline for the big show he went to every year to sell his product. Left with a lot of product and nowhere other than online to sell it, he decided to see if it was worth putting the same amount of money into a six-month booth at the MRSE as he would have for the two-day show. As he describes it four years later, “it’s been pretty successful so far.”

***Use of internal and external networks.*** Contact with external community members and personal networks accounted for a lot of the opportunities that both the owners, in starting or transforming the space, or the members, in joining the space experienced. Personal networks could be internal or external in nature. Small retail literature discusses the importance of using collaborative networks to help overcome resource barriers inherent in small retailing, subsequently building more opportunities for innovation (Quinn et al., 2013).

As discussed above, many ideas and prospects came about as a result of other community members. Perhaps it was customers or friends suggesting what kinds of products to sell or events to have, or a local landlord or developer reaching out to see if you would be interested in an available space. Local business groups, whether formal or

informal, such as those that the Mid-Atlantic, New England, and Midwest locations took part in, also allowed for increased collaboration around events and marketing. Through events, even further connections were made and networks expanded to still more local entrepreneurs, musicians, and community members. Use of a personal network had even provided opportunity for external expansion, as Bobby ended up opening a second boutique at the insistence of a friend who was closing her shop. She felt better having it end up in his hands after all the years that she had put into it.

This collaboration is not only external but also takes place within the MRSEs. Whether it is having periodic sellers ask to stay, as with the Midwest location, or having members tell you there are more ways as an owner you could be collecting fees. Many of the spaces provide collaborative internal environments for members, employees, and owners to share resources and build knowledge and skills, as I will discuss further in the next theme. This not only applies to the members though. Some, like the Mid-Atlantic location, also allow employees to really have a say in product design or online marketing under the store's name or brands. Likewise, in the Southeast, Jeff's employee Lucy provides input on what new products she comes across that would work well for the store. In some ways, she also functions as a sounding board for Jeff, leading him to refer to her informally as his "assistant." For the West Coast stores, collaboration within their personal network is essential to how they began in the retail space and their continued support of one another. Without knowing each other prior, Isabella, Noelle, and Olivia would have been unlikely to consider such an arrangement.

For the members and employees, personal networks are often how they become involved in the MRSEs in the first place. In each membership store, every member I spoke with talked about having friends in the MRSE before they joined or having a friend or family member recommend to them that they check out the store. As for employees,

Lucy in the Southeast became involved because she and Jeff are friends who had worked together in the local theater community for many years. In fact, she still works full-time outside of the MRSE, but felt a need to be there for him after all the changes that occurred when he took over ownership. She does enjoy working in the space, too, surrounded by interesting, changing product. Sam, another member and employee in the Mid-Atlantic began by playing music at the store's events, becoming friends with the owner. After time out of the area, he came back and reconnected with Bobby, landing him a job. Likewise, the tightknit arts community in the Midwest location means that many members know the owner, manager, or other members in some way, leading to their involvement. In New England, many of the members, including the owner, know each other from selling at regional vintage shows or flea markets. Finally, for the West Coast stores, their employees are often people they know from their long tenure as business owners or visible retail employees in the community, or are even customers who decided to take on a new role.

***Conflict and negotiation.*** While owners and members have received benefits from being in these MRSEs, conflict nevertheless arises in spaces that rely so heavily on bringing together groups of people to share in ideas and success. As some describe, a challenge the spaces have to figure out is how to work in a group of "moody artists" or "managing personalities of" dozens of members. As a result, the largest of the MRSEs each have a manager in place who seems to be in the position of organizing and handling members. Bobby explicitly states that he is not good at dealing with members' issues since he tends to feed off that energy, but that his manager Eric is very good with it, as is his other full-time employee, Sam. Even in the West Coast stores, which are not large membership models and where each owner manages their own employees, owner

Isabella indicates that her manager “maintains calm and serenity between all three stores.”

As a result, the need to be flexible continues past the idea of remaining open to changing business operations, it also applies to how individuals involved approach conflict. Whether it is in entrusting some personnel management to other employees, as shown with the role of managers in some MRSEs, or in finding renewed ways to work together and compromise for the good of the collective. As Noelle describes, “over the ten years that we’ve now been together, [we] have had some issues. But we’ve constantly gone back to the drawing board and ironed things out. And that doesn’t come without really big, you know consideration and the broader view of ‘what could be good for everybody, could be good for me’ kind of attitude.” In this way, being friends can be both a blessing and a curse. They want to support one another and do well as a group, but they also have to find a way to stay true to their own businesses.

Some in membership spaces have experienced frustration and have the desire to change how things are run or wish they had a greater sense of ownership. Yet, they are not always in a position to enact that. This can also work in an opposite way though, as one member describes, some members who are not as engaged will not respond to being told what to do even though there are requirements for working in the space. Since they do not see the rather collective arrangement of the space as being a traditional boss-employee relationship, they can be less motivated to do as they are told.

Jeff says many of his members sell through other co-ops or retailers in the area, as well. This can be challenging for them though to have to manage product in all these small spaces, pay rent all around, and then only get a percentage of the profits. As a result, he says some members are not interested in staying in membership spaces,

because they can become “disenchanted” with how little they make, depending on how much space their product takes up. As a result, he believes members need to have a “passion” for their product and continually “stay engaged” in the space, refreshing their merchandise and displays and getting to know their customer base in order to be successful. So, just as other owners mention, there is a need to really develop new members. For this reason, and the need to ensure the seriousness of a member’s venture, Bobby says that at one point he had to impose a minimum commitment for membership to six months, which he continues to enforce today. Only if they are willing to spend time in the space increasing their public image and customer base will they truly do well.

Conflict can be a benefit in another way, as the increased competition or conflict between owners or members can encourage them to find new ways to stretch their abilities and re-envision their businesses for success. As Noelle explains, when trying to align her product assortment and price points with the other stores, while simultaneously not overlapping in aesthetic too closely, “It’s about constantly going back and reinventing yourself. And it’s actually probably a good, healthy thing. Um, otherwise you won’t feel like you have to diversify again.” This aligns with the literature discussing the benefit of being near competitors (O’Hare, et al., 2018) and the importance of differentiation for competitive advantage (Coca-Stefaniak, et al., 2010; Megicks, 2001; O’Hare, et al., 2018).

***Future expectations for the MRSE model.*** In the end, the owners all have different ideas about what the future of this type of collective retail arrangement might be. This not only plays into the decisions they have already made in strengthening or loosening certain aspects of their businesses, but also into what they intend to do going forward. Some see room for growth, while others intend to limit the amount of collective

activities going forward. This may be viewed as a lifecycle for some, where the use of MRSE membership model could have been a means to an end, i.e., owning their own store with less risk, but for others it has been an end in itself.

Three MRSEs in particular, Mid-Atlantic, Midwest, and New England, see the MRSE as their continued retail opportunity, even if they have modified or expanded it over time. They all look at it in a positive light and the membership model used in these are a large part of how they define their business goals and opportunities. For instance, the Mid-Atlantic has seen continued interest in it from customers and community members over more than eight years, after turning it into a membership retail space. As a result, they have grown into three connected warehouses, when they started in only one. They still have a steady supply of members and do not typically have many openings. Owner Bobby sees the maker movement as continuing to grow and providing more opportunities for them in the future. The fact that other stores with similar models have popped up in the area, though not all successfully, and the periodic makers market is continuing strong, seems to indicate this is true for his region. Bobby's success at the MRSE has also allowed him to grow his other retail ventures, through sales of his own products in stores and online and an opening of a second boutique.

Similarly, Naomi views her business model as so important to her competitive advantage that she keeps information on it very close to the chest. Considering she not only extended her lease on the original store for a longer term but has also opened a new location using the same model, she sees the model as having promise in the future. As Naomi said to me, when asking me to instead use public information on her stores from media coverage, "It not [*sic*] in the best interest of my stores to make my business model widely replicable by competitors." This was not only important to her for her own

success, but also for the success of her members who, she says, “rely on my store(s) for a large portion of their income. I need to be especially protective of their livelihoods.”

The West Coast stores seem to believe it is a model that can work for retail owners, but that it requires a lot of work. It has been good for them, but when others applaud them on their business collaboration, they typically seem impressed that they were able to make it work at all and they do not seem interested in trying it themselves. Isabella and Noelle both note it takes work and compromise to ensure the model provides benefits to all involved.

On the other hand, the Southeast thinks the collective or cooperative retail model peaked in his city in the early years of the recession. While he says there are still about four of these types of stores throughout the city today, he says the number has decreased significantly from what it was then. Additionally, he has continued to change the model not only to fit the space he has, but also to limit his own stress in managing so many members. So, as he slowly modifies it to something closer to an independent boutique, he appears to be using the collective model as a means to business ownership itself. While he says he still benefits greatly from not having to own all inventory, he has taken on more of it over time.

In summary, it appears that the majority of these MRSEs have undergone evolutionary or convergent change, per Greenwood and Hinings institutional approach to change (1996). Because of their slowly changing and continued flexibility within an existing template, they would not be considered radical or revolutionary change agents. This is in keeping with Quinn, et al. (2013) who propose that small retail innovation is typically evolutionary and incremental, not radical. Retail format evolution in particular is more likely based on opportunity and instinct over resolute radical intent. However, in

some ways they have all challenged “prevailing core ideas and values” (Greenwood & Hinings, 1996, p. 1026) of the independent retail institution, looking to improve on existing modes of doing business.

**MRSEs as incubators for local entrepreneurs.** Thematic analysis uncovered a second theme in the role that MRSEs play as incubators for local entrepreneurial ventures. This theme addresses, in part, research questions 2 and 4 regarding motivations for joining and how values may affect individuals’ actions. Additionally, it provides a bit more perspective on the overall format related to research question 1. The MRSE’s role as an incubator was particularly true of those that used a membership-based model for their operations. The owners and managers of all four membership MRSEs directly note one of their goals or direct outcomes is helping local entrepreneurs become successful. New England owner, Naomi, states, “The goal right now is to see these 10-member businesses build their revenue to have this be their full-time pursuit. They love selling vintage clothing, and it would be great to have helped 10 micro-businesses grow into full-fledged, self-sustainable small businesses” (Paknis, 2016). Similarly, Jeff, the Southeast owner, indicates that he thinks his store can allow members to grow their businesses and states, “that was the plan originally. I mean, when we first started the whole idea was that we would be a place where you could bring your product and you could sell it. You know, it’s hard to get into stores [...] It just gave [members] a venue, for people who really... couldn’t afford to do their own store. But they could afford to be a PART of a store.” Finally, as Bobby in the Mid-Atlantic says, “the real positive is that we can, as a group, accomplish more than... what a- a sole business owner. So, a lot of these people who are in here also work full-time jobs. They don’t have the- the luxury or the opportunity to be able to run a business. So, I kind of feel like we’re giving people, we’re letting people live their dream...” The goals set and

views held by owners in helping local entrepreneurs provides some additional insight into their personal values aligning with universalism, benevolence, and security (Schwartz, et al., 2001).

Overall, both members and owners describe many ways that the MRSE provides benefits to new and growing ventures. There are also different roles that a MRSE can play for entrepreneurs, as will be discussed. The two subthemes, viewed in the context of business incubators, bootstrapping, and the sharing economy, are (1) providing shelter from risk and (2) providing fertile ground for new entrepreneurs. These two subsets align with the definition of business incubators as both reducing financial costs and potential for failure, while providing specific resources to new ventures (Hackett & Dilts, 2004). Providing shelter from risk is the first layer of incubating, ensuring protection so that entrepreneurs, including MRSE owners, can grow in the fertile ground within the store.

***Providing shelter from risk in entrepreneurial ventures.*** At the forefront, a primary benefit of the MRSE model is that it allows budding entrepreneurs to “try out” a business idea or expand their businesses with much less investment and financial risk. As Eric, the manager and a member at the Mid-Atlantic MRSE describes,

Yes, I've considered [opening a store] myself. Um, the problem is, it's way more commitment, and for the price that you pay, like I don't think people realize the cost that's involved. Here you don't have to pay for bags or electricity or phone bills or, you know, any of that stuff that when you open a small business you have to do all of that yourself. So here you pay a very similar amount for rent, but you know, not having to pay everything on top of that, labor, and you know all of

that crazy stuff. So, I think you have to be a little crazier to open up your own shop, than to do it here.

This also holds true for the owners, who benefit from this model by reducing their risk when it comes to start-up costs, accessing inventory, paying rent, sourcing labor, and providing variety and uniqueness of product. Finally, for those owners who are artists or have built up their own brand along the way, it gives them more flexibility to practice their craft without all of the time put into working at or managing inventory at the store. Thus, they are able to grow their own businesses based on the rent and commission they collect from their members, as well as the “borrowed” inventory. All four membership MRSE owners indicated at least one of these was a help for them.

For the West Coast stores, they have also come together to share the risks inherent in renting a physical space. They also share utility costs and some management aspects to a certain extent. As owner Isabella says, “there is safety in numbers.” Noelle similarly mentions, “It’s really good because we care about the other individual and their business.”

***Providing fertile ground for new entrepreneurs.*** Once within the protective bubble of the MRSE, reducing their financial risk, the member entrepreneurs benefit from increasing publicity, learning business skills, having the ability to test products in the market, and situating themselves not only in a physical space, but within a desirable location. All of these benefits also tie to having a peer support system, which not only allows those involved to champion one another, but also provides key peer learning opportunities. These directly correspond to the types of benefits and services described in the literature on business incubators.

Building a customer base and directly connecting with that base was mentioned by all membership MRSEs as a major benefit for the members. This also leads the members to new business opportunities, whether commission work for their craft or art, or learning about other opportunities from fellow members. As Midwest owner, Jean says, “we offer a place [for artists] to meet and talk to customers in a professional atmosphere for commission work” and they also have the opportunity to network with fellow artists. Manager and member Julie also says that having your name out there and being visible to the public is an invaluable aspect of being in the MRSE.

Andrew in the Midwest joined in large part because he thought it would be a positive marketing opportunity for him. In addition to his own photography, he provides other print and portfolio services to artists and being right there with other artists would be easier for him to network and find opportunities to expand that side of his work. He sees his membership as motivated in equal parts by selling his work and promoting his name and other services.

The entrepreneurs can also learn new business skills by being a part of the MRSE. For those that have members work in the store, they can learn how a retail store or gallery works, as well as hone interpersonal skills. They do not have to work in the space to benefit, though. As Mid-Atlantic manager Eric says, “[the store] is a great proving ground to see if your items will sell, testing the market so to speak... It allows them to test their products to all kinds of people. If they are serious about things it can teach a lot about margins. It also provides a great platform for advertising or marketing.”

Part of the learning process for entrepreneurs relates to the ability to test their products. Some are working on starting up a business and want to see what might sell prior to launching something bigger. For instance, one Mid-Atlantic member is starting a

nonprofit in Africa teaching women different skills and then selling the products they make to support the program. She is using her booth as a test ground for the types of products the women are making, so she can tailor the group's efforts once it takes off. Member Jenny also has had to adapt her style of embroidery over time to meet consumer needs. The audience for traditional embroidery motifs was not there, so she has had to include more funky and modern ideas, though she keeps a few traditional ones in her display.

The Mid-Atlantic, Midwest, and New England locations also mention the ability for the members to help each other and to fuel new ideas or give a better sense of what types of things might sell. One Mid-Atlantic member says it has been such a help to be able to develop her antique product offerings based on the market knowledge that other members have. As Naomi in New England describes, "it's been helpful for them to see what's working for their colleagues and learn from each other's practices in pricing, repairing, marketing and things like that" (Paknis, 2016). This is not necessarily exclusive to members. When Bobby unexpectedly became the sole owner of the Mid-Atlantic store, his members helped him out in understanding what was more realistic to charge members and how antique cooperatives ran their businesses. Having had little direct retail experience himself, he had little knowledge to base his operations around and as a result of their advice was able to improve his business model and increase profits.

Learning new skills or fueling new ideas can come from the connection the MRSE has to the wider business community, too. As Eric says, being involved with a local business organization has been both fulfilling for him personally and a great learning experience after years working as a truck driver to support his vintage business. Likewise, Julie says that the community built around the arts district that her MRSE is a

part of has given her so many benefits. She says, “people treat me with more respect than they used to. Because I’ve been HERE. And I have met so many amazing people. Um, lots of really incredible opportunities because of being here.” In a later interview she reaffirmed that a major benefit has been, “all the important people in [town] that I’ve met because I was here. Been here. Those people didn’t look at me twice before I was here and Jean called me her manager.” And now she says they come in to the store to buy her products specifically. Many members I spoke with from the two largest membership MRSEs felt that the community side of the arrangement was part of the draw for them, whether it was in having others around to feel connected to in what was otherwise a solo craft for them, or in feeling like they are a part of or helping the wider local community to which they feel connected.

Finally, members gain a locational advantage for their business at the MRSE, whether they were selling online or at festivals before or had not started direct selling much at all yet. Not only does it provide an affordable physical space, which the incubator and small retail literature make clear is very valuable for new ventures and retailers (Chan & Lau, 2005; Davidson, et al., 1976; Grimaldi & Grandi, 2005; Reynolds, et al., 2007), but the location of each MRSE was also desirable to them because of the popularity of the shopping districts and increased foot traffic.

For many, they consider the MRSE a centralized permanent space, described by some as a “hub” or “home base” for the business. This was even a motivation for joining for some members. As Midwest member Andrew describes, he chose to join in large part to coordinate his various activities in one central location that was convenient both to him and to the artists and other community members he would like to serve. For many other members in the Midwest, Mid-Atlantic, and New England locations, this is especially important as they were otherwise selling at craft, art, or vintage festivals,

markets, and shows that occur once a year, month, or week. This temporary nature of their prior selling activities was physically taxing to have to haul their products around to different spaces, along with tents and tables, and then often store it at their own homes in between. Now they can more easily pick and choose when they decide to travel for shows or festivals, because they have a place to store their products that is also a selling platform.

Interestingly, for one venture, the MRSE allowed the expansion of operations beyond an existing selling space. Partner members at the Mid-Atlantic MRSE are using their booth to act as a second location for a brick-and-mortar store they already run outside of downtown. Their customers had been telling them for a while that they should set up a space in downtown. Even after looking into options for a few years, it never worked out. Then they realized that joining the MRSE might be the best way to do it. They have been selling in the MRSE for two years now, while continuing to operate their own store.

In summary, the MRSEs provide opportunities for dedicated and driven members to grow their businesses successfully. This is evidenced by the success stories I heard from both members and owners. Both the Southeast and Mid-Atlantic indicate that they have had members do so well in the MRSE that they end up moving on to run their businesses independently, whether in retail or wholesale. For the New England location, Naomi notes that some have built up their businesses to be full-time enterprises, while for most it has become “a solid part-time salary” (Williams, 2017).

Expansion of businesses while remaining members is another way they have shown successful sales growth. Within the Midwest location, members have expanded their businesses within the space. Em, a member of the MRSE since 2011, has

expanded her footprint in the gallery in the time she has been there. She started in a small booth, and then expanded into what is the equivalent of three booths. One is dedicated to her clothing and textiles and the other two are combined into her photography and jewelry. For the past two years, this has also been her primary income and she no longer holds a second job, though is able to rely on her husband for benefits. The fact that she lives only a few blocks away helps also, as she doesn't have to worry about transportation costs to be there. Similarly, members in the Mid-Atlantic MRSE may start in very small sections, perhaps not even a full booth, and then move to bigger or more visible spaces as they build their clientele and product assortment.

The MRSE also allows entrepreneurs to sell products they might not have been able to sell through their outside business. There are some members, especially in vintage or antique areas, who often have to buy in large lots with a variety of items included. While they may already have an avenue to sell some of the items in the lot, they may not for some of the lower value or more mainstream items. Thus, they can sell these products in the MRSE. This holds true for selling across price points even for those who do not necessarily buy in lots. They may sell higher priced items through online or other paths, while selling the more affordable items in these retail spaces, thus expanding the reach of their business venture.

Nevertheless, it should be noted that I met members in the two largest membership spaces who were not necessarily interested in building a stand-alone or full-time business. For instance, one stay-at-home mom, Jenny, loves doing embroidery as a stress-relieving activity and was encouraged to sell in the Mid-Atlantic MRSE. While she did move into a better booth while I was there, she indicated no interest in going beyond the MRSE, starting her own store, or selling in other ways. As she said, "this is just my pace." Likewise, Midwest member Bonnie indicates she loves to paint, and feels

honored to have her pieces selling alongside more established artists. However, she loves her full-time job and does not envision herself dropping that to take on her art exclusively.

While the above advantages are most prevalent in the membership-model MRSEs, the West Coast stores still benefit from many of the same concepts. Rather than supporting fledgling member entrepreneurs, they are supporting each other as retail owners in a cooperative-type arrangement. Thus, I do not consider it a “business incubator” in the same way. However, they have still learned from one another over time regarding what sells, what other opportunities are out there, and other business skills. They also promote one another’s businesses through word of mouth and social media, and benefit from the added foot traffic of having the other businesses’ customers come through. In addition, the West Coast shops help one another out when they find a product line or vendor that they think works well for the others’ merchandise strategy. Finally, they do support the work of local designers or entrepreneurs through the product they sell and their media presence. Thus, it has the ability to function as a strong support for their businesses and the local economy, just in a different manner than the membership MRSEs.

Thus, in the end, not only does a MRSE exhibit some differentiation from common store-based retail formats described in the first section of findings, but it also incorporates elements of non-retail organizations. For instance, they use elements of business incubators, coworking spaces, and other sharing businesses, by having an overarching owner providing resources and physical space to individual entrepreneurs or ventures. A revisit to Table 2.1 to gain a more complete picture of MRSEs’ attributes in this regard can be seen below, in Table 4.3. According to the attributes listed, the MRSE

has the closest similarities to business incubators, with the only major difference being that MRSEs are retailers and appear more likely to be independently owned.

This borrowing of specific characteristics from various organizational sources, both retail and non-retail, can again be likened to Swidler's (1986) concept that people develop a cultural repertoire of beliefs, rituals, ideologies, and symbols to guide their strategies of action. Considering the economic and social transformation occurring in the external environment for these MRSEs, as described in the theme of their evolution, it also shows how entrepreneurs look for alternative ways to act using the cultural tools available to them. The MRSE also competes within established retail and economic structures, most studied here for around 10 years, creating a means of legitimization for this alternative way of doing business.

Table 4.3

*Comparing the MRSE to Other Resource Sharing Organizations*

	Retailer	B2B	Share physical business resources	Share supply contracts	Share knowledge or skills	Share physical consumer resources	Formal sharing contract	Internet-based sharing	Physical space	Independent Ownership
Bootstrapping enterprise	~	~	~	~	~		~	~	~	~
Cooperative	~	~	~	~	~	~	+		+	+
Professional organization		+	~	~	+		~	~	~	+
P2P sharing platform	~		+		~	~	~	+	~	~
Makerspace		~	+		+	~	~	~	+	+
Coworking business		+	+		~	~	+		+	+
Business incubator		+	+	~	+		+	~	+	~
MRSE	+	+	+	~	+		+		+	+

*Note.* Created based on literature, with MRSE additions developed from current study data.

+ = yes; ~ = some within that group; blank = no

## Chapter 5: Conclusion

Chapter 5 contains the following sections: (a) summary of findings, (b) implications, (c) contributions, and (d) limitations and future research directions.

### Summary of Findings

The goal of the study was to determine what retail activities micro-retail sharing enterprises (MRSEs) engage in, how and why business owners form these retail spaces, and whether MRSEs are a possible new retail format. Furthermore, the study explored the potential role MRSEs may play in sustainable business opportunities. First, I detailed the very nature of these retailers and how they differ from existing retail formats. Second, I outlined the processes and factors leading to their formation and continued evolution. Finally, I identified the role these retailers play in creating spaces for local entrepreneurs to grow and become successful.

The research uncovered the nature of these spaces as primarily involving a membership model of operations (4 out of 5), by charging a fee and commission to members to sell their products in the MRSE. Some required members to work in the space, but not all did. The level of engagement within the space was also left up to members to determine, as participation in other events or activities was not explicitly required by any of the stores. This reliance on members further supported the stores' images through the product assortment, atmosphere, and promotions that came along with having local vendors set up side by side with their unique products. In all, the four membership-based MRSEs have found ways to bring the idea of temporary and online craft markets, antique malls, and flea markets to the everyday, specialty retail space. I argued that this combination of strategies makes a MRSE a new retail format. Taking what works best from each format, they have attracted a wide range of customers and reduced risks for both themselves and their members. For the customers, these

membership MRSEs provide an entertaining and nostalgic shopping experience. All provide an inviting and experiential space, within popular downtown shopping locations, breaking from the typical feel and offering of an antique co-op or flea market. The fact that the four longstanding MRSEs had been using a membership or cooperative model for at least eight years indicates the strength of it in their markets and networks, further legitimizing the new format. While the fifth has only been running for three and a half years, the owner has already started a second store following the same model and received a lot of positive press for the business in this short period of time.

The first theme uncovered was the evolutionary path to becoming a MRSE. For the most part, MRSE owners followed a circuitous path leading to where they are today. However, they all experienced recognition of new opportunities presented to them by friends, family, local business members, or former employment and retail experiences. While these were not always positive, such as losing a job, these owners acted on them with passion. These internal opportunities were heightened by the overarching economic and cultural changes occurring, such as the economic recession and the rise of the maker movement. Once in business, internal and external networks continued to provide new opportunities for modifying the way the store ran, leading to a need to remain flexible throughout the store's existence. This flexibility was also critical to managing internal conflict that may arise, with a focus on compromise. Finally, the MRSE owners all see the future of this model in different ways. For three, it is their continued passion and goal to continue working in this format. For the fourth, it has been a benefit to the retail owners, but they recognize that it is not something easily adopted by others, because of the amount of work that must go into achieving a collective mission and operational process, with renewed compromise. For the fifth, taking over ownership of a retail space that was already in a membership model seems to have been in part

motivated by an interest in business ownership and he did not see the future of the membership model continuing long term.

The second theme uncovered was the role of membership MRSEs as business incubators for local entrepreneurs. All owners indicated it was a really positive experience being able to help new or growing entrepreneurs get their businesses off the ground by being a part of their store. Some even explicitly set out to achieve this when the store began. Owners and members described having some members grow beyond the retail space into their own independent businesses or simply expanding to a self-sufficient state, but remaining within the MRSE. In their role as incubators, MRSEs first provided the fledgling businesses with a protective layer against financial or legal risk. Then, within that protection it provided fertile ground for new entrepreneurs to grow that business without concern for those legal or added financial pressures. This was possible through the publicity they gained, including customer interaction, as well as new skills and knowledge they acquired from working in the space and/or networking with other members and employees. Membership also afforded them the ability to expand beyond an online presence, periodic festival or market presence, or even expand into a second physical location. For others, it allowed them to test out new products and see what would sell best. While these were primarily benefits to members, the nature of the model also helped cushion MRSE owners from risk and allowed them to learn from their members.

### **Implications**

The study's findings provide practical implications for retail owners, budding entrepreneurs, educators, and future professionals. Based on its emergence as a new retail format, membership-model MRSEs provide a way for struggling independent retailers to rethink their overall strategy and related activities. By incorporating methods

from flea markets and antique malls and collaborating with other local entrepreneurs to showcase unique and local merchandise, they may be able to strengthen their long-term viability. This may also give retailers insight into how to think more flexibly about what activities can be included in any given retail space. The MRSE may also provide support for the notion of a sharing paradigm beyond the P2P or B2P sharing economy. The MRSE's retail arrangement can be considered an extension of McLaren and Agyeman's collective economy (2015). As such, this type of B2B sharing can provide new ways to increase use of durable goods, improve local economic development, and increase a sense of ownership and collective good across entrepreneurs, if done in a way that truly values members' input in the retail space.

This is also beneficial for educators in broadening the scope of current retail discussions in the classroom. Looking beyond the independent boutique to other ways that new entrepreneurs and business owners can form a viable enterprise can inspire a new group of professionals. It also provides another view of how socially or environmentally sustainable practices can be integrated into a retail space, through both shared ownership and product assortment. Overall, teaching innovative retail models can better outfit students to be able to understand and respond to changes in the market as they become professionals.

Considering the findings related to the MRSE's evolutionary path, those interested in opening a collective retail space must keep in mind, that it is important to remain flexible in your business operations and be willing to compromise as conflict arises with other members' or owners' strategies, assortment, or disposition. They must also remain open to new opportunities, in whatever form they may arise. Considering both internal individual and external market strengths and challenges, as well as personal and

business networks can provide many opportunities to build new or alter existing operations or collaborate in unexpected ways.

Finally, with the noted role that MRSEs play as an incubator for entrepreneurial ventures, if someone is considering starting a retail space or selling their own work in new channels, they may want to get involved in a MRSE to reduce costs and legal risk. As such, the entrepreneur can receive help from a MRSE, functioning rather like a social enterprise, and share the risk across many businesses. Similarly, this notion extends the concept of a business incubator to include a smaller scale unit with single entrepreneurs being able to benefit with fewer strings attached. It also provides the opportunity to develop strategies and test products in a real-time retail market, allowing for continued innovation. These extensions provide new ways that local business development programs, whether governmental, university-led, or non-profit, can provide opportunities to a larger base of entrepreneurs starting non-tech and retail focused businesses. The kind of space used for a membership MRSE is also one that requires less development, as open floor plans and converted mills or warehouses can more easily be adapted and accommodate a large membership, while encouraging the sense of discovery that the MRSEs afford.

Across all findings, this model outlines strategies that independent retailers can employ to function and survive in a competitive landscape. The strategies bolster ideas already available to independent retailers, such as product differentiation and an atmosphere of discovery, yet in a way that reduces costs for startup.

Finally, for academics this topic is one that can provide strong ties between universities and community retail practitioners or business associations. Additionally, its

interdisciplinary nature can provide ways for researchers to come together to improve both the research process, but also the outcomes at the local level.

### **Contributions**

The research extends the retail change and innovation literature in further describing how retail formats can evolve overtime, but also mesh into new hybrid formats to adapt to their environment and gain competitive advantages. Though a MRSE combines techniques from a number of different formats, it appears to follow similar notions of other small independent retailers and entrepreneurs in the way it forms and adapts. Flexibility, openness to change, and the use of both internal and external attributes should be used to best adapt to a competitive and changing retail environment. The MRSE's emergence also provides new knowledge about an innovative and rising retail format that, while it appears to be occurring around the country, has not been studied at this point. At the same time, referring to the MRSE as a new retail format calls for a better understanding of how and when researchers and practitioners determine that particular retail stores truly represent a new format. Typical distinctions between store-based retail types do not list extensive options that include other activities happening in the retail market today. Collective retailers of some sort, beyond a temporary flea market, should be included to better capture today's reality, since the findings suggest that membership-model retail spaces appear to be thriving for extended periods in states around the country.

Within new institutional literature, MRSEs refine knowledge by presenting a way that individual actors can take existing institutional forms and meld them into something that is at once innovative and easier to legitimize. Its use of existing forms can provide more natural acceptance from both other retailers and consumers. In the case of the MRSE, the role of external context on shaping norms and institutional opportunities was

also still important, further supporting this concept in a retail context. As a period of economic and cultural upheaval was central to many of the MRSEs' formation and adaptation, it seems to reinforce the notion that institutional change is more likely to occur when there is a period of upheaval or existing norms are no longer enough (DiMaggio & Powell, 1991; Tolbert, et al., 2011). Powell (1991) also states that it is more likely to occur with institutions that are less rigidly controlled, which the independent retailers and owners presented here appear to be. For those who had nothing left to lose when they took over or started the MRSE, they felt less constrained and more flexible in their approach to operational decisions.

### **Limitations and Future Research**

As is to be expected, the study has areas that could be improved upon going forward. First, of the five retailers studied, four used a similar retail format and one employed a different format. As such, future research should look at a wider sample to find out if other types of physical retailers exist within a frame of sharing resources among business owners. A larger sample, and one that is able to capture more variation beyond membership models would provide a wider view of this concept and its innovative nature. This could be done through a quantitative survey, or an extended qualitative study. Additionally, this study focused on retailers who share resources in a collective space. Future research could expand to look at retailers across different physical spaces who share resources with one another locally, which would extend both bootstrapping and collective economy literature.

Secondly, while the idea of personal values was discussed in research question four, it did not take as prominent a role in the data analysis and subsequent themes. While personal values were implied in areas at times, more focus should be directed on capturing these in the context of resource sharing. Similarly, more emphasis could be

put on MRSE participants' attitudes toward the sharing economy within their personal lifestyles. Studying the personality traits of entrepreneurs in B2B sharing enterprises may lend further understanding of why some see the MRSE model as having a strong future and competitive advantage and those who do not. In another way, looking at the difference between individualistic versus collective cultures on their engagement in or acceptance of a sharing retail environment could provide more information on its future and the role of values therein.

The role of sustainability in MRSEs was also limited in its scope here. A focused approach on sustainability's role in their operations, local economic development, and community practices could yield further information on all three areas of sustainability. While it was not seen as a major strategy for four of the five MRSEs studied, other means of evaluating a MRSE's unwitting role in sustainable practices could be developed and extended to the store's larger environment.

Finally, more research could be done to understand the ties between business incubators and retail enterprises, and what practical cases may already be taking place around the country. Since the business incubator literature largely ignores the retail environment, there is room for collaboration and an understanding of what effect the combination could have on entrepreneurial success and regional economic development.

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## APPENDIX A

### Consent Forms

#### *CONSENT TO ACT AS A HUMAN PARTICIPANT IN OBSERVATION*

Project Title: How and why business owners engage in micro-retail sharing enterprises

Project Director: Rachel LoMonaco-Benzing

Advisor: Dr. Pamela Norum

**This consent may contain words that you do not understand. Please ask the researcher or advisor to explain any words or information that you do not clearly understand.**

**STUDY DESCRIPTION:** You are being asked to participate in a research study. This research is being conducted to explore how and why small business owners or independent professionals participate in a resource sharing retail format.

You have the right to know what you will be asked to do so that you can decide whether or not to be in the study. Your participation is voluntary. You do not have to be in the study if you do not want to be. You may refuse to be in the study and nothing will happen. If you do not want to continue to be in the study, you may stop at any time without penalty or loss of benefits to which you are otherwise entitled.

**STUDY ACTIVITIES:** If you agree to be part of this study, you will take part in one or more observations at a shared retail space, which may include an informal interview. Photographs may be taken in the space, but only if you allow them to be taken. In order to participate, you must be at least 18 years old.

**CONFIDENTIALITY:** Data will be saved and kept in a strictly confidential manner. Electronic files will be saved with numeric codes and pseudonyms, with no personal identifiers included. If you do not want a photograph taken, it will not be taken. Throughout the observation, or informal interview, if you feel uncomfortable with any questions or experiences, you may stop participation at any time. To ensure your confidentiality, only the primary researcher and the advisor will have access to the confidential primary researcher's observation notes. The photographs will only be used in wider presentation of the study findings if you consent to their use as such. The data will be kept for seven years after the study has been completed.

**RISKS AND DISCOMFORTS:** There are NO other physical, psychological or sociological risks involved in participating in this study.

**BENEFITS:** Through your participation in this research you will be helping others understand the viability of and uses for this type of retail format. The study's results will also allow for a better understanding of new retail formats that exist and how business, government, and academic sectors can encourage similar efforts in the future as a way

to bolster local retail environments. In addition, it may aid in a greater understanding of how sustainable business and consumption practices may develop and improve in the future. As a participant, you may also learn something new about these types of retail formats and their potential to help you or your community.

**CONSENT:** By agreeing to participate in the study, you agree that you understand the procedures and any risks and benefits involved in the study. You are free to refuse to participate or to withdraw your consent to participate in the study at any time without penalty or prejudice; your participation is entirely voluntary. Your privacy will be protected because you will not be identified by name as a participant in this project. Your privacy will also be protected as any data files will be kept strictly confidential. If you have any questions concerning your rights as a participant, you may contact the University of Missouri Campus Institutional Review Board at 573-882-9585. If you have any questions regarding the research itself, you may contact Rachel LoMonaco-Benzing at [relvkc@mail.missouri.edu](mailto:relvkc@mail.missouri.edu) or Dr. Pamela Norum at [norump@missouri.edu](mailto:norump@missouri.edu).

Thank you in advance for your assistance and time. Please keep this consent form for future reference.

#### *CONSENT TO ACT AS A HUMAN PARTICIPANT IN INTERVIEWS*

Project Title: How and why business owners engage in micro-retail sharing enterprises

Project Director: Rachel LoMonaco-Benzing

Advisor: Dr. Pamela Norum

**This consent may contain words that you do not understand. Please ask the researcher or advisor to explain any words or information that you do not clearly understand.**

**STUDY DESCRIPTION:** You are being asked to participate in a research study. This research is being conducted to explore how and why small business owners or independent professionals participate in a resource sharing retail format.

You have the right to know what you will be asked to do so that you can decide whether or not to be in the study. Your participation is voluntary. You do not have to be in the study if you do not want to be. You may refuse to be in the study and nothing will happen. If you do not want to continue to be in the study, you may stop at any time without penalty or loss of benefits to which you are otherwise entitled.

**STUDY ACTIVITIES:** If you agree to be part of this study, you will take part in an audio-recorded interview, approximately 30 to 90 minutes in length. The interview will take place in a location agreed upon by both you and the researcher. In order to participate, you must be at least 18 years old.

**CONFIDENTIALITY:** Data will be saved and kept in a strictly confidential manner. Electronic audio and transcript files will be saved with numeric codes and pseudonyms,

with no personal identifiers included. Throughout the informal interview, if you feel uncomfortable with any questions or experiences, you may stop participation at any time. To ensure your confidentiality, only the primary researcher will have access to the audio files, and the confidential interview transcripts will only be reviewed by the primary researcher and the advisor. The final research will be presented with pseudonyms only, without personally identifiable information used. The data will be kept for seven years after the study has been completed.

**RISKS AND DISCOMFORTS:** There are NO other physical, psychological or sociological risks involved in participating in this study.

**BENEFITS:** Through your participation in this research you will be helping others understand the viability of and uses for this type of retail format. The study's results will also allow for a better understanding of new retail formats that exist and how business, government, and academic sectors can encourage similar efforts in the future as a way to bolster local retail environments. In addition, it may aid in a greater understanding of how sustainable business and consumption practices may develop and improve in the future. As a participant, you may also learn something new about these types of retail formats and their potential to help you or your community.

**CONSENT:** By agreeing to participate in the study, you agree that you understand the procedures and any risks and benefits involved in the study. You are free to refuse to participate or to withdraw your consent to participate in the study at any time without penalty or prejudice; your participation is entirely voluntary. Your privacy will be protected because you will not be identified by name as a participant in this project. Your privacy will also be protected as any data files will be kept strictly confidential. If you have any questions concerning your rights as a participant, you may contact the University of Missouri Campus Institutional Review Board at 573-882-9585. If you have any questions regarding the research itself, you may contact Rachel LoMonaco-Benzing at [relvkc@mail.missouri.edu](mailto:relvkc@mail.missouri.edu) or Dr. Pamela Norum at [norump@missouri.edu](mailto:norump@missouri.edu).

Thank you in advance for your assistance and time. Please keep this consent form for future reference.

## APPENDIX B

### Interview Protocol

#### RQ1: What motivates business owners to engage in a MRSE?

1. Tell me a little about how you ended up in a retail space like this one.
  - a. Were you one of the founders of the space or did you join after it was started?
  - b. How would you describe your current role in this space?
  - c. How long has this particular retail space been in business?
2. Can you describe your prior experiences in retail?
  - a. What other formats have you been involved in?
  - b. What did you like or dislike about other formats?
3. How would you describe the product category for your own business?
4. Can you describe what you felt you could contribute to this group of business owners?
5. Do you maintain a separate online or physical space for your business outside of this space?
  - a. Why or why not?

#### RQ2: How do business owners form a MRSE?

1. How did you meet business owners interested in this kind of retail format?
  - a. Can you describe your relationship with the others prior to joining the space?
2. Before joining, did you view these other business owners as your competitors?
  - a. Has that changed?
3. Can you describe the format of the retail business when it first began?
  - a. Has it changed overtime?
  - b. If so, why did it change?
4. Can you describe the challenges you encountered as you first formed or joined the retail space?
  - a. Were you expecting these?
5. What was easier than you expected when forming or joining this retail space?
6. Do you believe the way the store looks and functions today is what you expected it to be when you first thought to start or join it?

- a. How so?

RQ3: To what extent do MRSE participants believe that a MRSE reflects a new retail format?

1. Can you describe the typical daily or weekly activities of the store?
  - a. Do all members/business owners in the space get together outside of 'open' hours for work activities?
    - i. For socializing?
    - ii. How regularly?
2. How would you say responsibilities are divided among the business owners?
  - a. Are there particular responsibilities that are required of you within the format?
  - b. Do you believe there is a sense of reciprocity (give and take) between the various members/business owners?
3. Other than sharing the physical store space, are there other resources that you all share as part of the business?
4. Can you describe what you believe the reaction from other local retailers has been to this retail space?
  - a. Positive? Negative?
5. Can you describe what you believe the reaction from customers has been to your retail space?
  - a. Positive? Negative?
  - b. Are they aware of the sharing or collaborative aspect of the retail space?
6. Do you know of other retailers in this area who function as you do?
  - a. Were they around prior, did they inspire you to form or join this business?
  - b. Or have they been inspired by your store?

RQ4: How do MRSE participants' values play a role in the above actions?

1. Can you describe what the idea of 'success' mean to you as a business owner?
  - a. Did you feel this retail model better helps you meet this idea of success?
2. Do you engage in other forms of sharing in your personal life?
  - a. Online vs. in-person sharing
  - b. Did this retail model inspire you to look for other opportunities to share resources?
    - i. Personally
    - ii. Professionally

3. Would you prefer to have your own retail space some day?
  - a. Why or why not?
4. What benefits do feel you have experienced by engaging in this retail space, as opposed to another type of retail space?

RQ5: To what extent do MRSE participants believe that a MRSE provides an opportunity for change toward more sustainable retail and/or consumption methods?

1. Do you believe the retail model you are using has an impact on its community?
  - a. How so?
2. Do you believe the retail model you are using attracts a certain type of business owner?
  - a. Or attracts a certain type of consumer?
3. What do you believe the future of the retail model you are using is?
  - a. For you, for other retailers, for the community, beyond the local?
4. Have you ever considered the economic impact of this type of retail model?
  - a. Within its business operations?
  - b. Within its relationship with consumers?
  - c. Within its relationship with other retailers or businesses in the area?
5. Have you ever considered the social impact of this type of retail model?
  - a. Within its business operations?
  - b. Within its relationship with consumers?
  - c. Within its relationship with other retailers or businesses in the area?
6. Have you ever considered the environmental impact of this type of retail model?
  - a. Within its business operations?
  - b. Within its relationship with consumers?
  - c. Within its relationship with other retailers or businesses in the area?

[Below demographics to be collected after interview, verbally or via form.]

1. How many years have you been a business owner or entrepreneur?
2. What is your age?
3. What is your annual income?
4. What is your highest education level?
5. What is your gender?
6. What is your race/ethnicity?



## APPENDIX C

### Fieldnote Template

Participant Observation

Fieldnote Template

Researcher: Rachel LoMonaco-Benzing

*Informant pseudonym:*

*Location number/identifier:*

*Observation number:*

- a. day of the week
- b. time of day

*Description of location:*

- a. visual
- b. auditory
- c. olfactory
- d. what happens at the location

*Nature of observation:*

- a. during public or private hours for business?
- b. what was reason for observing during that event or time?

*Description of individuals during the observation time:*

- a. facial expressions, tone of voice
- b. how they interact with others?
  - a. particularly note whether between those in similar roles vs. different roles in the activity or business

*Analysis of what occurred:*

- a. what did I learn about MRSE participants and their actions?
- b. what strategies and meanings did I see or hear that relate to sharing business resources?
- c. what personal values did I see or hear expressed?
- d. what views on sustainability or ownership did I see or hear expressed?
- e. what views on their own business model did I see or hear expressed?

*Personal responses to the experience:*

- a. what were my personal reactions within the space, as observation occurred?
- b. did I ever have a personal connection with another in the space?
- c. what are my personal thoughts now that I have left the space?

- d. how might these overall thoughts or analyses inform future observations and interviews?

## VITA

Rachel was born in Fullerton, California and grew up across California, Georgia, and Pennsylvania. She attended Conestoga Valley High School in Lancaster, Pennsylvania and went on to study at the University of Rhode Island. There she studied Textiles, Fashion Merchandising, and Design, as well as French Language and Literature, earning a B.S. and B.A. respectively. After graduation, she spent time in French-speaking Guinea with the U.S. Peace Corps, returning to earn her M.S. in historic and cultural aspects of dress from the University of Rhode Island. She has worked in many different roles within the textile and apparel industry, from textile testing to alterations to retail sales. She also worked with an entrepreneurial sustainable home products company for four years, learning the ins and outs of complex supply chains, customer order management, take-back recycling programs, and sustainable design. Her passion has turned to teaching textile and apparel students and she has had the pleasure of doing so at both the University of Rhode Island and the University of Missouri. Her continued research interests remain in the local environment, with an emphasis on independent business models, community development opportunities, and sustainable approaches to production and consumption.