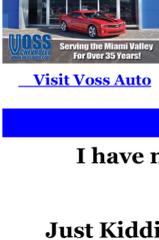




THE Business Advisor

SOUTH METRO REGIONAL CHAMBER OF COMMERCE
MISSION STATEMENT "We advocate for business and serve members' needs to assure economic vitality in our region."

May 2014

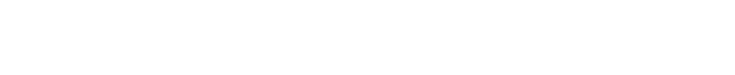


My Side of the Conversation

I have nothing to say!

Just Kidding—April Fools

Julia Maxton Chamber President



GUEST COLUMN

By Doug Harnish of Market Metric\$

The changing face of retail was recently spotlighted in an article in the Dayton Daily News. While the article focused on the shift of consumer buying habits to on-line retailers, it did not discuss shifts in typical consumers' buying capacity as a cause for the resulting structural changes that are afoot.

The recent recession and the lackluster recovery have tended to mask the significance of a fundamental structural shift in buying capacity that will likely reshape retail enterprises for the foreseeable future whether traditional stores or on-line. I will review some data about the typical consumer and then talk about some of the effects on retailers.

The disappearing middle class is reducing the number of households with real, discretionary, purchasing capacity and that combined with a recovery fueled by low-paying jobs in the service sector are both capping the ability of consumers to shop for anything but the basics needed for daily life. One half of all U.S. workers made less than \$27,519 in 2012. Almost 40% of all U.S. households made less than \$40,000 as reported by the 2010 Census. This percentage remains virtually unchanged in estimates for 2013; the nagging problem of wage stagnation. Add the burden of health care costs and retirement funding to the demands on household incomes and it is obvious that there are fewer dollars for retail expenditures as well as for dining out and entertainment as were available in the past.

Between 1985 and 2012, 85,000 pension plans were lost in the U.S. The increasing dependency of businesses on part-time and temporary employees to avoid benefits costs, many associated with the requirements of the ACA, are making many households uncertain and insecure in their income expectations. Given the costs imposed on households by the "individual mandate" provisions of the ACA, households must budget for another new item of on-going household expense. We have yet to see what the high deductible parameters of many of the lower priced health care options available to individuals and households will do to further curtail consumer spending as people attempt to use the insurance they purchased. The cause and effect is simple; if households don't have a sustainable income and/or they are confronting new expenses in their budgets they can't buy retail goods and services. These statistics are a fundamental reason why "dollar stores" are among the fastest growing general retail chains in the U.S.

Another factor in the changing retail market is the overall aging of the population. The overall needs for many consumer goods is reduced as individuals age and the aging population, driven largely by baby boomers, will shape the demand for many categories of consumer goods and services for years to come. The median age for heads of households in the U.S. was 50.5 years of age in the 2010 Census. The comparable statistic for Ohio was 51.5 years of age and for the Dayton Metropolitan Area the median was 51.7 years of age. These median ages are projected to climb in the next five years. This also points to more households living on fixed, retirement incomes; i.e., reduced purchasing capacity. This is yet another factor to consider in looking at the future of retailing as we know it.

While it is true that some retailers have lost their way in the marketplace it is also true that the more savvy retailers have recognized that the infrastructure they built in the past is not likely to be sustainable in the future-hence, the recent wave of store closings announced by several notable names in retailing. Our local market was not unaffected by these announcements and will likely be included in the store closings of several more retailers in the near future.

Many retailers cite the shift in consumer preferences to shopping on-line as a significant reason why conventional stores have lost market share. Remember that many of the retailers making this statement have on-line capabilities along with their roster of traditional stores. For many consumers it is convenience, time-savings, and cost savings that are among the top reasons why they shop on-line versus trips to retail stores. The ability to shop at an on-line store at any time of the day or night can be helpful to a segment of the market. The ability to determine if an item you want is in stock and available for shipment in a matter of seconds is certainly a time saver over driving to a store only to discover that an item you want is not available or sold out. Cost savings come in two forms: an item may be priced for less on-line than it is through the retailer's own bricks-and-mortar stores, and the ability to avoid sales tax on many purchases is an immediate out-of-pocket cost savings. The U.S. is defined as a "price driven" marketplace so it is no surprise that price competition is intense. Delivery to your door, frequently free of charge, is an additional convenience that cannot be overlooked.

The market is also witnessing the emergence of on-line mass merchandisers such as Amazon. Amazon is not really a retailer, but a "wholesaler" directly to the public. Their model takes merchandise directly from manufacturers and sells it on-line directly to consumers; Amazon effectively bypasses the traditional definition of retail and the all of the costs of bricks-and-mortar stores. While this model may not be applicable to all segments of retailing in the near-term it is certainly going to cause a major shift in emphasis away from bricks-and-mortar stores to virtual stores that are supported by well-placed warehouses to enable highly efficient delivery systems to operate in a large portion of the retail marketplace. Add to this the ability of mass merchandisers to estimate household needs based on purchasing history and it may be possible for households to obtain many of the goods and services they need through Amazon or "Amazon clones" without ever thinking about "going to the store". The items will simply appear on your doorstep and your credit or debit card will be billed.

Historically, the market for consumer goods was segmented into four components: producers, wholesalers, retailers, and consumers. The shift away from small-scale, locally-owned, retail stores to large-scale, mass merchandisers has effectively eliminated wholesalers from the market structure. Now on-line merchandising may have the same effect on bricks-and-mortar retailers in multiple segments of the marketplace. Mass merchandisers do not have to supply a roster of bricks-and-mortar stores; they simply fill orders on-line and facilitate efficient delivery to your door. The conclusion; less retail space and more cyber-space!



MEMBER OF THE MONTH

Dayton Dragons

As the Dayton Dragons prepare for their 15th season at beautiful Fifth Third Field, the list of accomplishments is staggering. The awards, honors, and milestones have brought national recognition to the Dayton area, and the success of the franchise has remained consistent, at a level that even the most optimistic observer could not have foreseen when the franchise began operating in 2000.

The Dragons have the longest streak of consecutive sold-out games in the history of North American sports. The streak stands at 983 (and counting) entering the 2014 season.

Fans have seen 63 players advance to the Major Leagues, most of them with the big league affiliate, the Cincinnati Reds. The list includes Joey Votto, Jay Bruce, Adam Dunn, Homer Bailey, Johnny Cueto, and Todd Frazier.

The Dragons have received numerous honors that have gained recognition throughout the world of sports. They became the first Minor League team in any sport to be selected as a finalist for the *SportsBusiness Journal* "Team of the Year" award; and they were selected for Minor League Baseball's President's Award, presented to only one club annually from the 160 Minor League teams.

The largest contributing factor to the Dragons success has been the focus on family entertainment. Several entertainers are part of the nightly scene at Fifth Third Field including the Dragons two primary mascots, Heater and Gem. The entertainment group, the *Green Team*, orchestrates skits, contests, and sing-a-longs at every home game.

"We emphasize new ideas, never becoming complacent," said president, Robert Murphy. "But our principles never change. Fun family entertainment, affordable products, unsurpassed customer service, providing our business partners with a unique marketing opportunity, and community involvement."

Ticket packages for 2014 are perfect for any family or any company size, and are available right now. Season tickets can fit into any budget and usage and there are flexible plans to choose: 9-games, 17, 35, or 70.

The Dragons also specialize in group outing packages. Church groups, Little League teams, service clubs, or business organizations are perfect fits. Dragons Party Decks and Luxury Suites are also extremely popular. The Dragons completed a total renovation of ballpark suites for 2014, adding new millwork, flooring, countertops, sinks, and more.

For more information on ticket packages, group outings, party decks, or luxury suites, call the Dragons at (937) 228-2287, or visit daytondragons.com. The 2014 season promises to be another great year as the Dragons continue their tradition of great family fun.



Previous Member of the Month Companies

- June 2013 Jiffy Lube
- July 2013 Spring Hill Suites
- August 2013 Long Cleaners
- September 2013 Storage Inns of America
- October 2013 G W Land Title
- November 2013 Think Patented
- December 2013 Five Seasons Sports Club
- January 2014 Clear My Head
- February 2014 Minuteman Press Centerville
- March 2014 Thompson Hine
- April 2014 Dayton Dragons



South Metro Regional Safety Council

Thousands of Ohio Employers find value and worker's compensation premium saving by actively participating in their state authorized BWC Safety Council. You Can Join them! The Safety Council is a great place to gain valuable safety information, network with other safety professionals and at the same time be eligible for worker's comp premium rebates. Companies who enroll prior to May 31st will be our Founding Safety Advocates and be listed in Safety Council publications.

For more information or an application email safetycouncil@smrcoc.org



Benefit Update

Small-Group Deductible Cap Repealed

Yesterday afternoon, the House of Representatives passed H.R. 2575, the Save American Workers Act of 2013, that would change the definition of a full-time employee from 30 hours to 40 hours under the health reform law. It passed by a 248-179 vote. The House-approved bill will now be sent to the Senate where, despite pending bipartisan legislation, it will likely not make it to the floor as a stand-alone anytime soon. There are rumors circulating that the 40-hour legislation may be attached to the minimum wage package the Senate has been working on. We'll keep our ears open for any more information on that, so stay tuned.

House Passes 40-Hour Legislation

Yesterday afternoon, the House of Representatives passed H.R. 2575, the Save American Workers Act of 2013, that would change the definition of a full-time employee from 30 hours to 40 hours under the health reform law. It passed by a 248-179 vote. The House-approved bill will now be sent to the Senate where, despite pending bipartisan legislation, it will likely not make it to the floor as a stand-alone anytime soon. There are rumors circulating that the 40-hour legislation may be attached to the minimum wage package the Senate has been working on. We'll keep our ears open for any more information on that, so stay tuned.

Health Care Reform Benefit Specialists

Polaris Benefits Agency



MEMBER SERVICE MOMENT

We are pleased to announce that our new Web Site is ready for roll out. You will find a great new look with added features that will make it easier to RSVP for Chamber Events.



CHANGE OF HOURS FOR POPULAR WOMEN WHO WORK EVENT

TO CELEBRATE OUR NEW EVENT LOCATION AND AT THE REQUEST OF OUR WOMEN WHO WORK ATTENDEES, THE MONTHLY MEETING WILL BE HELD FROM 4:30-6:30 P.M. * NEW HOURS* THE FIRST WEDNESDAY OF EACH MONTH!

PLEASE MARK YOUR CALENDAR WITH THE NEW HOURS!!!!

SOUTH METRO REGIONAL CHAMBER OF COMMERCE

2014 CALENDAR OF EVENTS SPONSORED BY



Work in Progress

SAVE THESE DATES!

EVENT RESERVATION POLICY

All reservations for Chamber events have a cancellation date, usually one week prior to the event (check our website at www.smrcoc.org or event invitation). This date represents a guarantee from the Chamber to the event facility concerning payment and commitment, no exceptions. Please be responsible and honor that date to assist this office in managing our budget. All event registrations will only be accepted IN ADVANCE by check or credit card. We will not offer payment at the door.

No refunds after cancellation date or 3 days prior including lack of attendance. Adults only! **Reservations required. (937) 433-2032 x 200**

Date	Event	Location
Women Who Work series		
First Wednesday of each month	*NEW LOCATION*	
Feb 5, March 5, April 2,	Thompson Hine LLP Attorneys at Law Office	Thompson Hine LLP
May 7, June 4, Aug 6, Sept 3,	54:30-6:30 p.m.	Austin Landing
Oct 1, Nov 5, Dec 3	Please RSVP Sponsored By: Weber Jewelers & Thompson Hine LLP	10050 Innovation Dr., Ste. 400 (Floor #3 – The Café)
	NO CHARGE EVENT	
An Education Celebration Business Open House		
Tuesday	5:00 - 7:00 p.m. Complimentary hors d'oeuvres "Cash Bar"	El Mason Restaurant
February 25	Presented by: West Carrollton Education Supporters and SMRCOC Please RSVP 433 2032 x 200	903 E Dixie Drive Dayton, OH 45449
	NO CHARGE EVENT	
"Annual" Networking Party		
Wednesday	5:00 – 7:00 p.m.	Five Seasons Sports Club
June, 18	Sponsored By: Hunter Consulting Co., Weber Jewelers, Key•Ads, Five Seasons Sports Club, Freund Freeze & Arnold, The Ohlmann Group, Oberer Realty, Freeze & Arnold, Southview Medical Center, Grandview Hospital and Sycamore Medical Center Graceworks Lutheran Services, Polaris Benefit Administrators and Appro-Rx, LLC Please RSVP	4242 Clyn Rd Dayton, OH 45440
Annual Breakfast & Business Awards		
Wednesday	7:30 a.m. – 9:15 a.m.	NCR Country Club
October, 29	No payment at the door Sponsored By: Hunter Consulting Co., Weber Jewelers, Key•Ads, The Ohlmann Group, Freund, Freeze & Arnold, Southview Medical Center, Grandview Hospital and Sycamore Medical Center, Wright Patt Credit Union, Polaris Benefit Administrators and Appro-Rx LLC Please RSVP	4435 Dogwood Trail Kettering
Holiday Business Showcase		
Wednesday	5:00-7:00 p.m. Admission: No Charge	Miami Valley Hospital South
November, 12	Members - \$100.00 per 6' display table - Non Members \$150.00 per 6' display table Call for more information - (937) 433-2032 x 100 Sponsored By: Miami Valley Hospital South Please RSVP	2400 Miami Valley Dr. Centerville

South Metro Chamber 2014 Open Houses!

Wednesday	Pinots Palette	2860 Miamisburg - Centerville Rd.
April 9	5:00 - 7:00 p.m.	Miamisburg
Tuesday	Sycamore Medical Center (New Hyperbaric Chamber tour)	4000 Miamisburg—Centerville Rd
April 15	7:30 - 9:00 a.m.	Miamisburg
Tuesday	Dragons 5/3 Field Breakfast	Fifth Third Field
April 22	7:30—9:00 a.m. RSVP REQUIRED No Charge Event RSVP by April 17 info@smrcoc.org or 973 433 2032 ext. 200	Dayton
Wednesday	Dayton Dragons unique outing	Fifth Third Field
May 21	5:30 – End of Game – Dragons vs Great Lakes Loons Contact Evan Elkins 937-228 2287 x 218 \$25.00 per person	Dayton

