

Cash mobs – the latest buy-local trend

By Katy Steinmetz, Time

One recent morning in Richmond, Va., in a half-vacant strip mall, a mob began to form in front of a modest variety store. You might assume that Upscale Flea Market owner Forondo Holmes would feel a twinge of panic, or at least puzzlement, about this highly unusual event: like many other businesses these days, his bazaar has struggled. But he was all smiles. Happily for Holmes, his shop was about to be hit by a cash mob.

The cash mob is gathering steam across the nation as a bona fide social phenomenon. But unlike its forebear, the flash mob—a pointless bit of performance art popularized in the 2000s, in which groups convened in public places and danced to “U Can’t Touch This” or engaged in large-scale pillow fights – cash mobs have a quantifiable purpose. That purpose is simple: support a local business by using Facebook, Twitter and other forums to gather a throng of shoppers at the same independently owned business on the same designated day.

Since a systems engineer organized the first cash mob in Buffalo, N.Y., last year, they’ve gone viral. Hundreds of cash mobs have sprung up across the U.S. – in all 50 states – as well as in large European cities such as London and Milan. Mobbers may be asked to spend \$10 or \$20, to show up at one time or throughout the day, but the basics are always the same: local business, cash, en masse.

The idea is a perfectly timed tonic for a sour economic moment. “I’m happier to give it to them instead of a big business,” says Ashley Massey, the mother of 5-year-old Olivia, who arrived at Upscale Flea Market excited to spend her birthday money on dress-up clothes. The local shop gets a

cash infusion, and the shoppers can benefit from a sense of solidarity. "People are struggling all over the country," says Knox County Mayor Tim Burchett, who's been organizing cash mobs for the past year in Tennessee. "This is an opportunity for everybody to join hands."

Studies have shown that spending money at local businesses has a bigger impact on the local economy than shopping at big chains. Even the most spendthrift cash mob can't make a business in a single day, but many mobbed owners say their real payout came over time, through repeat customers and increased name recognition. "We depend on word of mouth," says Scott Duennes, whose natural-food store, Nature's Bin, was mobbed last spring. The siege raised the store's profile and turned first-time shoppers into second-timers, he says. "A lot of those folks never knew Nature's Bin existed before."

So who's behind this whole thing? There are at least two variations on that story. In July 2011, Chris Smith, the systems engineer in Buffalo, read articles online about the negative effect that Groupon-type schemes can have on small businesses. Many lose money on the drastic discount and never recoup it with repeat customers. "I thought there had to be a better way to do that," Smith says, "and the semantics of [cash mob] worked for me." He sent a tweet about his flash/cash revelation: get people to flood a local business all at once, but make sure the business charges full price so customers don't get accustomed to unsustainable deals.

Buffalo responded. Weeks later, Smith and about 100 fellow citizens each spent around \$10 at a wine shop, with local media in tow. He's been hosting cash mobs ever since.

The second person to suggest the idea was Andrew Samtoy, an attorney from Cleveland. He says he was independently struck by the same notion a couple months after Smith (who says he finds that plausible). When the wordplay hit, Samtoy says he had a friend's boutique in mind. He imagined a mob of people

each spending \$20 there. "It wouldn't be much per person," he recalls thinking, "but it would have a big impact on her bottom line."

Rather than send a tweet, Samtoy and his friends quickly snagged the "Cashmobs" Twitter handle, Gmail address and WordPress account. Samtoy also landed an NPR interview for his first mob and inspired friends across the U.S. to host their own. Venture capitalists were soon flying him to San Francisco to hobnob with the social-media elite. When Samtoy came home this spring, he filed for the trademark Cash Mobs and incorporated as Cash Mobs Inc.

So Smith uttered the words first; Samtoy shouted them through a megaphone. And while Smith sees cash mobs as an open-source idea that "nobody owns," Samtoy feels more proprietary about it. He also says he's against making money from the businesses or mobbers. However, should his website become a hub for cash mobs—where people list them, share their stories and learn how to use social media—would he be against revenue from ads or games? "It's still in the early stages," he says. "We're open."

Samtoy has crafted cash-mob rules: chosen stores should offer affordable products for men and women, religious-charity stores are off-limits and so on. But it's near impossible to regulate viral social phenomena. Since Smith's inaugural gathering, local unions have used cash mobs to demonstrate their collective buying power, and chambers of commerce have organized them to highlight member stores. Mayor Burchett instituted them as a do-it-yourself economic-stimulus package. "The beautiful part is that wherever there's a cash mob, they kind of think it's their own idea," Smith says. "They all do it their own way that suits their local character."

In Virginia, Upscale Flea Market was chosen through a pay-it-forward system: after a business is mobbed, the owner selects the next local store that could use a boost. Holmes' shop was

chosen by the owner of Richmond's Red Skirt consignment boutique. "We go to church together," Holmes explains. "If you can't take care of your own, nobody else will."