

RECYCLE BUYING POWER: A Proposal to Add a  
New Stream of Revenue to Your Town  
by  
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A couple of years ago I returned to West Texas, where I was born and spent my formative years. I attended the annual family reunion. I had prepared a family history that I wanted to present to my relatives. I also wanted to visit a few special places described in that history. One place was Gomez Texas, founded in large part by my great grandfather. My cousin drove me there. It was gone. The school where my grandmother taught was gone. My great grandfather's blacksmith shop was gone. The dry goods store, founded and operated by another relative, was gone too. The general store had also disappeared. No post office. There was not one standing building. Also there were no people there. The lone remains were in a graveyard, overgrown, totally un-kept. Only the rattlesnakes, rodents & gophers live there now. Gomez was dead.

Those of you who are old enough to have observed the falling apart cycle--be it of a business or a community or a town--will be able to understand the urgency we face in small town America. Our social health is declining. Most towns and cities and schools across America

are caught in the crunch of rising costs, over which they have little control, and shrinking resources. They are looking for help.

Some think that the plight of this part of our social fabric is exaggerated. "It's always been that way," they say. The leaders of these living places—our towns--and learning places—our schools--are not hypochondriacs. The town and cities and schools are sickly. I am writing this booklet in hopes of avoiding an epitaph on the graves of dying towns which reads, "Now do you believe I'm sick."

What are the symptoms of their sickness? Consider that these symptoms are occurring simultaneously.

- Policemen and firemen are being laid off, reducing safety and security.
- Many educational and sports programs in our schools are being cut, reducing the quality and impact of the education we provide to our children.
- The libraries of many towns have gone on reduced hours of operation or have already been closed altogether.
- There is not enough money to pay for all the services we want and need.

Simply put, the cost of operations exceeds traditional resources to pay for them. As a proportion of expenditures, there is less money coming from the sources we have always relied upon—less from the federal government, less from the state government, and less from the local taxing system. And the tax payers are balking at proposals to increase their tax liability; they call it their tax burden.

The leaders of towns and cities and schools across the country are paying attention to the taxpayer, as they should and they must. The managers of this portion of the public sector are facing increasing restrictions on their ability to tax. In Massachusetts one of those restrictions is the "Two and a Half Override". Cities and towns may not increase property taxes in any one year more than 2.5% without passing a special referendum by voters. And a 2.5% increase in revenue will not cover the rising cost of operations. It doesn't even come close.

This is a crippling phenomenon. Cost increases now exceed resources in every sector of operations. The reasons include the following:

- Demands for more services
- Energy costs have doubled, in some cases, twice.
- Transportation and fuel costs have risen drastically.
- The cost of health insurance is totally out of our control, with insurance company profits dominating patient care.
- An increase in the proportion of employees who are long-term produces a major cost increase.
- State and federal regulations, designed to help us be safe and healthy, result in additional cost hikes.
- A decline in the number of small businesses that amplify economic resources is another symptom of stagnation.

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What approaches to these issues are being considered by local leaders and the citizenry? These are the major ones I observe.

**Increase taxes.** This is the usual solution. If your town or city has legislatively imposed limits on increases in taxes, there is not much room to maneuver here. In the Commonwealth of Massachusetts the “Two and Half Override” referenda have all failed, forcing layoffs, program reductions or shutdowns. [get some quantitative data to illustrate, modify “all” if wrong; should be on MMA.org]

**Conserve Energy.** I call this the theory of changing the light bulbs. It helps. Some small towns in eastern Massachusetts have actually saved as much as \$30,000 a year by putting in light bulbs that cost less but produce more light. Towns with no street lights are not safe. Many town officials call for thoroughness in energy efficiency measures and contend that they are necessary counterbalances to energy rates that have gone through the roof. They announce to their constituents that they have done everything humanly possible to develop policies that are energy efficient. But in comparison to the magnitude of the problem this is not an adequate solution. Even miniscule gains in controlling galloping costs are helpful; but they are truly miniscule when stacked up against the magnitude of costs increases.

**Bring in New Businesses.** This approach has met with some success in some places. It requires an active and professional economic development program. It also usually requires a tax

abatement or major tax discount for years to entice the new businesses to relocate. And even then, this is too little, too late.

**Gambling & Casinos.** As the “Two and Half Override” referenda are being soundly defeated at about the rate of two voters to one, a recent Gambling and Casino referendum in Marlborough MA was approved by voters 2:1. It is a repeat of the state takeover of the traditional bookie. Lotteries are rapid revenue producers in many states now. This approach produces revenue—although calculating the amount is complicated--but it comes at a cultural cost. Many argue that it changes the culture of the town for the worse and is not worth what it produces in new revenue. It would be helpful if we could identify case studies of the economic and cultural impact in places where it has been tried.

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We have to be more innovative than this if our towns and cities are going to avoid becoming a haven for the gophers of Gomez.

Let’s consider another approach. It is called “Recycle Buying Power”. Ten years ago this solution was not possible. Five years ago it was just being developed. Today it is just being implemented. The internet makes this possible.

The use of the internet is now employed by millions and millions of people. I suggest that we carefully examine how the internet and

other technological advances can be used to help solve the problems we are discussing.

**Internet Use Expansion.** According to the Computer Industry Almanac, worldwide internet users passed the **1 billion** mark at the end of 2005. This number is expected to hit just under **2 billion** by 2010.

High speed connections to the internet are called broadband. In 1999, the global number of broadband subscribers was fewer than 5 million. Today the number exceeds **217 million** and is expected to hit the **500 million** mark by 2010!

In the month of February 2007 total global internet visitors were about 740,000,000. These are not return trips, but unique, individual users. Of that audience, 507,000,000 visited Microsoft, 503,000,000 visited Google and 459,000,000 visited Yahoo.

**Internet Economics.** Today, the internet is the major sector of economic growth. This global vista has changed the way we spend our time, what we learn, how we communicate, and the way we do business. It is producing billions of new dollars.

According to *The New York Times*, consumers spent **\$925 million** on retail web sites from Thursday to Sunday Thanksgiving weekend 2005, up 24 percent over 2004.

The *San Francisco Chronicle* reported that the Monday after Thanksgiving is known as Black Monday because of the amount of online shopping done while people are at work. Black Monday desktop shopping in 2005 was up 26% over 2004. [update]

**Internet Users by Age.** The Pew Internet & American Life Project produces reports that explore the impact of the internet on families, communities, work and home, daily life, education, health care, and civic and political life. In 2006 one of their reports described the internet use by different age brackets.

- 83% of the group between 18 to 29 years old are using the internet
- 82% of the group between 30 to 49 years old are using the internet
- 59% of the group between 50 to 64 years old are using the internet
- 33% of the group ages 65 and older are using the internet.

**Internet Use for Electoral Politics.** According to Pew, Americans flocked in record numbers to their favorite media sources for political news in 2006. Twice as many Americans used the internet as their primary source of news about the 2006 campaign compared with the mid-term election in 2002.

Senator Barack Obama's presidential candidacy is setting new records in fundraising over the internet. In his Fundraising Report for the second quarter of 2007 he records \$32.8 million in donations received. \$10.3 million of that came over the Internet. 90% of the internet donations were under \$100, 50% were \$25 or less.

These figures on the relation between internet use and campaign finance are dramatic. But the retail-ecommerce data is no less dramatic.

**What is E-commerce?** E-commerce is short for Electronic Commerce. E-commerce is simply replacing physical business transactions with electronic business transactions using the internet. E-commerce cuts through boundaries of time and geography to put sellers and buyers into contact with one another. A key ingredient of e-commerce is the ability to take orders and receive payments electronically.

**Growth of E-commerce.** "Hypergrowth" is the term used to describe what e-commerce is currently experiencing. Companies of all sorts and sizes--large or small, established or start-ups--are hopping on to the e-commerce bandwagon to give a much-needed boost to their businesses. The open nature of the internet gives the flexibility to a small firm to conduct business in direct competition with a brick and

mortar giant. It is a question of who grabs the opportunity first and effectively.

The world-wide-web is globally pervasive. The internet has attracted more users in more countries than any other communication tool. According to the U.S. Census Bureau, in the first-quarter of 2005 retail e-commerce statistics show a growth of 24 percent on a year-over-year basis. This is a pretty consistent pattern since e-commerce was established.

One group of analysts published the following forecast in 2002.

US Online users forecast (millions) 2002 - 2006	US Online retail revenue projection (\$billion) 2002 - 2006
2002 - 157.6	2002 - 47.8
2003 - 173.1	2003 - 63.9
2004 - 187.5	2004 - 82.9
2005 - 200.5	2005 - 104.4
2006 - 210.8	2006 - 130.3

(Source: <http://www.epsit.net/ecommerce-growth.php>)

How did the projections hold up? **The US Department of Commerce reported that total US online consumer spending reached \$170.8 billion in 2006, \$40 billion more than the forecasts of most experts. ComScore, a global information provider, estimates that e-commerce in the US will exceed \$200 billion in 2007.**

So we are pretty safe in saying that internet use will continue to increase and shopping online, e-commerce, will also continue to grow.

We do not know when it will peak, but it does not appear that the peak is near.

**Capturing the E-commerce Trends.** Towns, cities and school districts, as well as many other non-profit organizations can capture the internet e-commerce growth trends to add a new stream of ongoing income. Each town can now own a portal to the world-wide-web, a virtual shopping mall from which their constituents can purchase products. A portion of the profit produced from sales can go directly to the town. The citizen buyer does not have to buy something new; all one has to do is to transfer some of the purchasing of what one normally buys anyway to the web portal owned by the town. That is why it is called Recycling Buying Power.

I represent a team of people who have developed the system for any town, city, school or other non-profit organization to do this. All that is needed is the openness to address the cost crunch innovatively, and a willingness to work with us to inform the citizens how to use it. The technological problems are solved. This has taken years of work. The team I work with is available to assist any town to implement this system.

**How Much Will E-commerce Help.** The amount of new revenue for a given town that can be created by using this system varies with the total dollar volume purchased through the web portal

by any buyer—individuals, businesses, churches and other non-profits, and the town itself. Everything from office supplies to household and personal consumables to automobiles to services can be purchased through the online shopping mall.

We have to make a few assumptions to get a better handle on the revenue this will produce. The amount produced for the town is a function of the per-capita expenditures of users of the system. And the amount of new revenue produced can be produced with no risk, no new tax burden, and none of the cultural costs of gambling and casinos. Finally, the new revenue is ongoing; as new users come to the system, the annual revenue will grow.

The shopping mall on the portal provides shopping from over 1,000 stores. These are the kind of stores that consumers are already buying from, e.g., Wal-Mart, e-Bay, Target, Nike, Old Navy, Spiegel, Gap, Disney, Starbucks, Barnes & Noble, to mention a few.

A few more of the 1,000 plus affiliated partner stores are presented on the next page.

[2 page display of partner store logos]

There are many additional features available to the shopper.

Some of these are:

- A Preferred Customers Credit Card Program
- Discounts up to 15% from selected stores.
- Receive points for shopping locally.
- Preferred Customers Loyalty Rewards Program

- Incentives are rewarded for purchases
- Points are rewarded for completing surveys
- eCards – free cards that you can email
- eGifts – select 3 gifts for the recipient to choose from.
- Gift Registry - The Wish List for Wedding, Anniversary, Graduation, Housewarming, Baby Shower, Holidays
- Automatic Date Reminder to help you remember special occasions
- Gift Certificates
- 50% - 70% Off for Closeouts

There is also a special feature to benefit the businesses of the local town. They can register and become a Preferred Partner along with the brick and mortar giants. They are also offered savings on credit card processing fees. This helps to increase traffic to the local businesses. Customers are also rewarded for shopping with the local businesses through the web portal. Local businesses do not have to have a web presence to participate in the program. If local businesses want a web presence, we will provide one at an affordable cost.

Our team of internet marketing professionals is available to you at no charge, to Recycle Buying Power for your town. For more information on this system contact us through our website, [www.recyclebuyingpower.org](http://www.recyclebuyingpower.org).

