

**Tribal Economic Development Principles-at-a-Glance Series**

**Realizing the Economic  
Benefits of Tribal Culture and  
Location:  
Product Differentiation and  
Placed-Based Economics**



## Tribal Economic Development Principles-at-a-Glance Series

### **Realizing the Economic Benefits of Tribal Culture and Location: Product Differentiation and Placed-Based Economics**

This is the 19th in a series of economic development primers produced by the Division of Economic Development (DED), Indian Affairs Office of Indian Energy and Economic Development (IEED), to offer answers to fundamental questions about creating jobs and expanding economies in tribal communities.

If you would like to discuss your tribe's industrial strategies in more detail, please contact the Division of Economic Development at (202) 219-0740.

#### **How can tribes that are competing with large corporations successfully produce and sell products in the modern marketplace?**

In many respects, businesses managed by tribal members in tribal areas have the odds stacked against them. They do not have the financial capital that most of their corporate competitors have, and they often encounter more difficulties when seeking loans. Inadequate infrastructure in the tribal area, such as inadequate roads, also may make it harder for these businesses to receive customers beyond local tribal members. The managers of these businesses may not have the same degree of experience and training that their corporate counterparts have.

With all these odds against tribal businesses in their competition with non-tribal companies, one may well wonder if there is any hope at all for tribal businesses to be successful.

There is, in fact, hope, and it is supported by a concept in economics called "differentiated products." This concept offers an opportunity to tribal businesses to produce and sell goods or services that are uniquely tied to, and affiliated with, members of their tribal community. This is the one competitive advantage that tribes have in any market!

A differentiated product is one that can be said to be uniquely different from other products that are generally the same in a broader sense. Examples among goods could include brands of wine, clothing associated with different designers, and makes of cars. Even simple commodities like food products have become differentiated to some extent. One might see that a grocery store sells not simply tomatoes, but tomatoes that are specifically labelled as "locally grown" or "vine ripened," or are organically grown. Other examples of differentiated products are services that might include theme parks, live theaters, and movie theaters.

Tribes have the one advantage of being able to offer differentiated products that are uniquely affiliated with their own cultures, such as art and craftworks produced by tribal artisans, and featured at tribal venues such as pow-wows and other community events. However, such product differentiation could be attributed to just about any good or service that a tribe produces, in the same way that the label "made in America" is applied to anything that was produced in the United States. Therefore, almost anything produced by a tribally owned or affiliated company

can be called, or even labelled, as being made by the tribe itself, while no other producer would be permitted to do that.

Many tribes already do use product differentiation because it gives their customers another reason to buy the product besides getting the item itself: To feel good about helping to contribute to the tribe's economy and, by extension, to the well-being of its members. Tribal members themselves may be especially inclined to purchase differentiated tribal products as a reflection of their pride in and loyalty to their tribal identity and community, just as many people in the U.S. prefer to buy products labelled "made in America."

### **What is place-based economic development and how could it benefit tribes?**

The Institute for Public Administration at the University of Delaware defines [place-based economic development](#) as follows:

Placemaking as an economic development strategy, also called place-based economic development, is the practice of using a community's public amenities to make economic progress. This approach focuses on the unique features of particular places, building on existing assets, and using them to attract new investment and strengthen existing businesses. Placemaking as an economic development strategy is particularly relevant in today's age of globalism. Jobs tied to this form of economic development are tied directly to specific places, and therefore cannot be outsourced.

When communities commit to using placemaking as a method of economic development, the benefits extend far beyond enticing visitors, entrepreneurs, small businesses, and corporations. To local economies recovering from a loss of conventional industry, placemaking is a method for capitalizing on existing strengths, rather than inventing new ones, for the purpose of developing a stronger economy.

A tribe's economy will be, naturally, more successful if the tribe can attract more visitors to its area. This can best be done if the tribal area is publically seen as a special place for people to visit (or to live in some cases). When visitors to a city near a tribal area, for example, arrive at their hotel and see a display shelf full of brochures for places to see in and around that city, they may well find a brochure inviting them to visit the tribe. Indeed, there are such brochures for some tribes, but there could easily be more. Visitors may want to visit a tribal area to meet and speak with tribal members, view historical and nature exhibits, buy local goods or art and craftworks, sample local cuisine, or attend cultural events that are open to the public.

Along these lines, however, it is important to note that no tribal area needs to be, nor should be, "commercialized" to attract visitors. Rather, whatever the tribe does to present itself as a special place to visit should genuinely reflect the tribe's traditions and highest principles so that visitors will learn about and come to appreciate the tribe's unique culture and people. The further development of the tribal area as a local special place will also benefit tribal members by

promoting community pride, even across generations, as it becomes more widely recognized as a special place in the world, which tribal members already appreciate!