

independent retailer



SPRING
2010



rainbow foods:

natural
trailblazers (6)

contents

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spring 2010

From the committee chair

We, as Canadian independent retailers, are a tenacious bunch. We're dedicated, unrelenting and uncompromising when it comes to ensuring the success of our businesses.



Paul Simmonds
President,
Robert Simmonds
Clothing Inc.
Fredericton, N.B.
Member of the Board
of Directors of Retail
Council of Canada

We are at our strongest when faced with adversity, and could teach valuable lessons to other larger retailers when it comes to our use of limited resources. We are often the lifeblood of the communities that we serve, and without question we are the backbone of the Canadian economy. We are confident and knowledgeable, and we have a keen sense for seeing opportunity where others might overlook it.

These are just some of the qualities that I can rhyme off when on the topic of independent retailers, and the value that we bring to our businesses and communities. But during the past two years, as Chair of the Independent Retail committee, I've noticed a quality that's shared by independent business owners, perhaps more than any other - our unbelievable resilience.

If there are challenges faced by the industry, we usually face them ten-fold... with a fraction of the big guy's budget. And whether the challenge in question is caused by a weak economy or a shortage of talented labour, a lack of resources to battle the ongoing problem of shrink or the task of leveraging the Internet to develop an effective online presence to enhance an existing marketing strategy -independents are always up for it.

That's why it's my honour and privilege to represent such a fine group of thought leaders and industry innovators, to help identify some of these challenges that we face collectively, and uncover the solutions that will enable us to continue moving successfully forward throughout 2010, and the years beyond.

Within this issue of *Independent Retailer*, we go well beyond the identification of the challenges that we face, and attempt to address these topics in greater detail to offer solutions to help you run your business more effectively. Negotiating a commercial lease, ways to recruit and retain top talent, and developing a sound business plan are some of the areas covered. In addition, we meet up with Janet and Mike Kaplan, owners of Ottawa-based Rainbow Natural Foods, to discuss their achievement as Canada's first certifiably 'green' health food store, and the simple ways other Canadian retailers can improve their impact on the environment.

We hope that the content and information that we provide in *Independent Retailer* serves to better equip you and your teams to meet the challenges faced by the industry, and to seize the opportunities that will allow us to continue to grow as the lifeblood of our communities.

In closing, I would like to thank the Independent Retail committee members and Retail Council of Canada team for their ongoing commitment and dedication to better equip independent retailers for today's ever-changing retail environment.

Sincerely,

Paul Simmonds
Paul Simmonds
President, Robert Simmonds Clothing Inc.

STORE 2010

"I myself shared the misconception of some independent retailers that RCC events are geared primarily toward larger players in the retail industry. Having attended several RCC events now, I know how incredibly relevant they are for me. I come away from them inspired, informed and full of insights that I'm able to use right away in my own stores! I would not miss this year's STORE conference for anything!"

— Betsy Thomas,
Owner, Bummis

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Independent Retail: A Changing Landscape committee members



Fred Pritchard
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business planning for the *long term*

In times of rapid change, ongoing planning is more important than ever. Developing the right business plan, understanding the fundamentals from all angles, and continually reassessing and revising your strategies can help you stay on the right path, and prepare you to confront challenges and seize new opportunities.

Who is a plan really for?

As you update your business plan, there are at least three key audiences to consider:

1. Investors/lenders

Anyone who might provide capital to your business — banks, other investors, suppliers, government grant providers, etc. — wants to ensure that you demonstrate a sound business plan that is aligned with quantifiable business goals.

2. Partners/customers

The plan can reveal your synergies, stability and service, and identify potential business

risks such as an over-reliance on any one customer or supplier.

3. In-house

Even if no one outside of your company ever reads it, by simply planning, you're thinking strategically and considering new threats and opportunities.

Why plan?

Business planning may be associated with the startup phase of a business. But such plans can be just as valuable for businesses at any stage. Here are five reasons why:

1. Get with the times

As businesses grow, add new products or services, enter new markets and shift their focus, formal plans have to reflect such evolutions and adapt.

2. Get back to basics

Regardless of a company's experience, it's smart to return to business fundamentals, especially during uncertain economic times.

That means having a deep understanding of your business capabilities, competition, limitations, market opportunities or issues, strategic imperatives, and the financial strategy to support the business strategy. All of which translates into a sound business plan.

3. Get credit

A business that can demonstrate a solid, well-articulated business plan markedly improves its chances of obtaining financing support.

4. Get a fresh look

Regular updates allow a company to take a fresh look at its business. For instance, talk to current and potential customers. What are they buying? Review your value proposition. Or think of new market segments; if you normally do it by type of product, look at it by channel or buyer.

5. Get prepared

During times of economic prosperity, many companies can grow with or without a

definable competitive advantage, perhaps even without fundamental business disciplines. Today, it's imperative for all companies to rethink their business approach. Planning for the unexpected is now as important as planning for success. By continually updating your plan, you'll ensure that your company has a blueprint to guide you through any cycle.

What are your fundamentals?

Ultimately, every business plan should come back to assessing these six fundamentals:

1. Your company

Beyond the basics, what differentiates your company now from the competition? What are your strengths and, just as important, your weaknesses? What is your market niche? And be specific. Stating that your business is the "leading player" or has a "technological advantage" is not enough. Describe how your organic pet food is unique, and how you'll target and reach customers to stand apart from your competitors.

2. Your industry

Include your up-to-date knowledge of the industry. What is the current environment? Have there been systemic changes? Are there new opportunities, risks or threats? What are your plans to address any risks, such as diversification, de-scaling operations and lowering your leverage?

3. Management

What are your current capabilities and limitations? And, how are you proactively managing your business (reviewing fixed and variable expenses, identifying ways to reduce costs, managing cash flow and managing receivables more aggressively)?

4. Your competition

What does the competitive landscape look like? What are your competitors doing today and what are they likely to do in the future? And, just as important, beyond looking at who you're competing against today, where is the potential emerging competition?

5. Your business strategy

Apart from your revenue or profit goals, what are your overall business goals? Describe your objectives, the background of your objectives and your plan to achieve them.

What are the critical risk factors that could impede the execution of the strategy? For example, are you relying on a limited number of clients or suppliers for success? Is your business strategy backed by a solid financial strategy?

6. Your financial strategy

What are your financial forecasts, and are they aligned with the business strategy to represent a realistic picture? How could unexpected events impact the viability of the plan?

From strategy to action

It's said that action without strategy is a nightmare — but strategy without action is just a daydream. Making a business plan come alive requires solid action and implementation plans that include:

- » Creating demanding yet realistic objectives, with firm tactics to support your strategy
- » Defining and assigning responsibility for each action
- » Creating clear and achievable timelines with set milestones
- » Setting measures for success using solid metrics
- » Monitoring activities and progress, and adjusting as needed to stay on course

Depending on your business strategy, you may need several implementation plans, one for product planning, one for sales and marketing, one for human resources, etc.

Planning to plan

Dealing with day-to-day business demands, it can sometimes be difficult to take the time to reassess where you stand — and where you want to go. That's why businesses need to plan to plan. Here are four keys to remember:

1. Plan at all stages

This is critical, especially in times of rapid change, whether in your business, your industry or the economy.

2. Plan at least once annually

Revisit your plan once a year, on average, but check it even more often to ensure that it still applies and that you're still on track.

3. Plan around the fundamentals

When planning always return to the six critical areas: evaluating your company, industry, management, competition, business strategy and financial strategy.

4. Plan with support

Keep in touch regularly with professional advisors such as accountants and bankers who can equip you with the knowledge, information and tools required to plan ahead. Their insight can help companies to not only sustain their business, but improve their chances of obtaining financial support.

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For guidance and sample plans, see www.rbcroyalbank.com/sme/create-plan.html

Business plan checklist

If you're seeking significant financing at any point, lenders will likely want to see a detailed business plan. Here are the basics to cover off:

- » **Introductory letter:** Reason you're submitting your plan, highlighting key points.
- » **Table of contents:** Outline of each section at a glance.
- » **Executive summary:** Your business concept - what will make it successful, and how much you'll need from the lender.
- » **Management team:** Background, responsibilities and qualifications of key personnel.
- » **Business summary and history:** An overall picture of your business, from inception to its success to date, to future objectives.
- » **Industry overview:** A snapshot of current market conditions, consumer demand and the competition.
- » **Positioning of services/products:** Your business's niche — what's unique about it, and how you'll establish a strong position within the existing industry.
- » **Marketing plan:** An outline of your target market, how sales are generated, costs and pricing, and distribution/promotions plans.
- » **Operations:** The mechanics of your business such as work flow, inventory controls, personnel requirements, production schedules.
- » **Financial plan:** Profit and loss, balance sheet, projected income and expenses, sales and, most important, cash flow statements.
- » **Risks:** An outline of the risks involved, your steps to avoid them and your contingency plans if they occur.
- » **Conclusion:** A restatement of the goals and objectives for your business, the financing you're seeking and why you're a qualified applicant.

green business certified, naturally

BY SEAN C. TARRY



For more than three decades Janet and Michael Kaplan have been providing communities in Ottawa and beyond with alternative food choices to lead a healthier lifestyle. They boast being able to offer the widest selection of health products and vitamins, and pride themselves on their customer engagement and ability to offer the best kind of advice and information for their clientele. They regularly host in-store seminars by nutritionists, naturopaths and other experts concerned with healthy living. Their staff is knowledgeable about the products that they sell and the lifestyle they endorse, and the couple's involvement in local charities and environmental foundations is extensive. And in December 2009, the Kaplan's family-owned and operated store, Rainbow Natural Foods, received the ultimate recognition for their years of dedication to sustainability - becoming the first Canadian health food store to

gain Green Business Certification. "It's exciting," exclaims Janet Kaplan of the announcement that she says 'makes everything official' so to speak. "We've been doing a number of different things for years and we've always tried to be as green as we possibly can be. We always have various initiatives in place to do better by the environment. So this is a really positive step for us." Rainbow's accreditation as a certified Green Business denotes compliance with all of the international standards set by the Green Business League, and is a tremendous accomplishment for the store which underwent a comprehensive 45-day assessment of their facility and operations, focusing on air quality, energy usage, recycling practices and water savings. The assessment was overseen by Greenvolution Inc., an Ottawa-based third-party environmental certifier and consultancy that specializes in assisting their clients identify where green practices can be adopted

to minimize their impact on the environment while enhancing their operational and financial performance - key aspects of the proposition that would resonate with most retail owners, including the Kaplan's.

"Not everybody knows where to start on the path to sustainability," admits Kaplan. "With so many areas to focus on, and so many different initiatives that can be put in place, it can seem like a daunting task. But the thing that totally sold us was when we approached Greenvolution and they told us that they could save us money. Any business owner is interested in saving money. And as a business, if you can save money on energy, which is only going to go up and up and up, that's great."

When speaking about the store's green certification, Kaplan reminisces about the early years at Rainbow Natural Foods, and recognizes that not a lot has changed concerning their approach to sustainability. She and her partner Mike simply continue to do what matters.

"When we opened the store more than 32 years ago we were part of the whole granola crunching brigade," laughs Kaplan. "We had all of our foods in bulk because we didn't believe in over-packaging. People brought their own containers and ground their own peanut butter. And we were very much into organically grown products and staying away from the use of pesticides. Now, more than three decades later, we continue to try to focus on the things that mean something to us, and things that excite our customers and staff."

It's a philosophy that Rainbow Natural Foods have employed throughout their history, regularly holding customer appreciation days, and offering customer loyalty rewards; providing customers with recipe sheets on a wide range of topics such as cooking beans and grains, managing a gluten-free diet and celebrating the holidays with a vegetarian; being powered for more than two years by Bullfrog Power; encouraging patrons to bring in their own reusable shopping bags; supporting locally-produced food and product, working with many small supplier companies; supporting many local charities such as the Run for One Planet, the Vitamin Angels campaign to fight malnutrition and child blindness around the world, and on Earth Day donating 5% of all sales to the David Suzuki Foundation, the Ottawa Riverkeeper and the World Wildlife Fund.

Despite the legacy that Rainbow has de-

veloped over the years, however, Kaplan believes that sustainability is a journey, not a destination. It's a goal, she says, that requires focus and attention, and a proactive approach to make sure that you're doing the right things.

"We made the decision to pursue certification, and contacted Greenvolution to get started," she says. "We were open to their ideas, and they audited our existing practices for efficiencies. Then they made really simple suggestions like putting power bars on all of our computers. They took a look at the lighting that we were using. They looked at our coolers, and the air flow within the building. Though we've been doing a lot of the right things over the years, we were given really simple suggestions to help further improve our impact on the environment. And, as an independent retailer, we were definitely driven to do even more for our customers and staff."

It's that very mindset - the Kaplan's openness to new ideas and willingness to bring in outside help to identify areas where improvements can be made - that resonates with their staff and patrons of the store.

"You know, we really want to do everything that we can for everyone that has anything at all to do with our store," she states with pride. "I know that our customers appreciate our effort, and our staff have always been on board with these initiatives and take little to no convincing to adapt to new changes that will improve our impact as a store. I think it's something that every retailer should be considering."

And, for retailers out there who have yet to start on their path to sustainability, there is never a better time for them to acquaint with the savings benefits and improved customer perception, according to Kaplan, than the present.



"Take a look around your store to find the things that you can improve - they are all around you," she says. "And, bring in a third party to help you identify these areas. And do it now. Not only will you feel better as a member of your community for it, your customers will thank you, too. And, what's more, you'll start to save money as a result of these changes. What argument can be more convincing than that for a retail owner?"

For more information about Rainbow Natural Foods, their products and seminars, and their environmental initiatives, visit their Web site at www.rainbowfoods.net

"I think that consumers want retailers to lead the way in environmental sustainability, and that they would like to support companies and organizations that are invested in making that environmentally minded commitment," says Greenvolution's Carole Lair. "And we're finding that once retailers understand what it's all about, and where they can start, they are in a much better position to make improvements and changes to meet the needs of their customers and their business."

Some of the basic, cost effective steps suggested by Greenvolution Inc. which retailers can take to achieve a reduced eco-footprint and improve their bottom lines are:

- ▶ Take a look at all of your incandescent lights and convert them to compact fluorescent lights. CFL bulbs last longer than incandescent lights and use far less energy, resulting in cost savings for your store.
- ▶ Use a water heater insulation blanket to reduce stand by heat by 25% to 50%, saving you 4% to 9% on your water heating bill each month.
- ▶ Introduce faucet aerators within the store to ensure a more moderate flow which will use a lot less water, also resulting in cost savings.
- ▶ Implement the use of low flow and high efficiency toilets.
- ▶ Mandate that staff turn lights off when not in use, and introduce programmable lights for the exterior and interior of the store. This will also dramatically save on energy and cost.
- ▶ Mandating a regimented recycling initiative is another simple yet extremely important step.
- ▶ Use the most efficient transportation whenever possible to reduce your store's overall footprint.

PHOTOS BY JEAN F. LABELLE/PHOTO.COM

Independent Economic Outlook

Cautious optimism will continue to be the industry mantra as consumer confidence and retail sales in the country continue to rise, and effects of a weakened US economy remain uncertain.

BY ALEXANDRA LOPEZ-PACHECO

There's some good news for independent retailers when it comes to the Canadian economy. Statistics Canada recently reported that retail sales rose by 0.5 percent to just over \$36 billion in February. In fact, Statistics Canada's index of leading economic indicators for January 2010 showed a 0.9 percent hike, marking the eighth consecutive month of growth. Unemployment rates are also declining, with the number of people receiving regular jobless benefits falling by 40,120 in December 2009, while resale home sales and prices are up across the country's six major cities last year, although economists expect this market to soften throughout 2010.

Even better news from the perspective of independent retailers is that consumer confidence is the highest it has been in 23 months, according to the Conference Board of Canada's consumer confidence index, which rose 13.8% in January to 96.6%. That's 40 points higher than it was in January 2009.

"We kick-started 2010 on a very positive note," says Stephen Aikman, National Director, Commercial Strategy for Royal Bank of Canada. "And I believe that this trend is continuing." Though as encouraging as the economic signs may be, Aikman stresses caution navigating through the months ahead. "The signs have been really positive, though we typ-

ically want to see three consecutive positive quarters before we take on additional risks."

As a result, independent retailers should not have false security about the recent market recovery and are well advised to control their costs and manage inventory levels appropriately. This is particularly important for small retailers, Aikman points out, because unlike large retailers they do not have the flexibility to negotiate cheaper price points with suppliers. On the other hand, he also acknowledges that small retailers are in a position to take advantage of the "buy local" trends and campaigns, presenting the opportunity for independent retailers to encourage consumers to think about where they shop, and to support their local retailers.

Continuing to look forward, the weakened US economy and its effect on Canada remain reason for significant concern as does the continued strengthening of the Canadian dollar.

"It's expected that the Canadian loonie will remain on par with the U.S. greenback through the summer, and may remain strong for a while," says Aikman. "This will be a reality for retailers near the border, and as such many will want to adapt accordingly. Customers will not hesitate to make a day trip once a month to U.S. border towns if it means they can save money for their families.

In response to the strengthened Canadian dollar, Aikman suggests that retailers continue to remove costs, and provide an excellent client experience to ensure that they possess the ability to compete for the business of their customers and flourish in what he suggests "may be the start of our next boom."

Aikman recognizes that key economic signs are starting to point towards a willingness by consumers to spend. But before retailers start to load up on inventory, hire extra staff or open that second store, he recommends the continuation of a conservative approach in 2010.

Here are five of Aikman's suggested retail strategies that will help independent retailers achieve their business objectives through the end of 2010.

1. Plan, plan and plan again

Your business plan is a live document. Understand your margins, costs and target clients, and provide both a 1-2 year and 5-year forecast.

2. Learn your costs

Take the time to develop a process map of your sales and non-sales activities, and remove the ones that add costs or do not add to the bottom line of your business. Also, watch your inventory levels, and look at joining a buying group to take advantage of group discounts.

3. Hug your core clients

Keep in touch with your core client by offering a "VIP" night or special reward for their loyalty.

4. Train and engage your staff

Take the time to train your staff on providing consistent excellent customer service, and engage them in the business's decision making process.

5. Keep your retained earnings in the business

When times are tough and you pull money out, lenders may think that you are not committed. Try to keep revenues on the books

Economic Fast Facts

Source: Royal Bank of Canada | Note: All data is as at January 2010

- Canadian retail sales in February rose a robust 0.5%.

- The increase was primarily in sales at building and outdoor home supplies stores as households were making purchases prior to the expiration of the federal government's Home Renovation Tax Credit.

- This factor may have also boosted sales at furniture, home furnishings and electronic stores, which rose 2.5% boosted by a surge in sales of floor coverings.

- Notable sales gains were also recorded in food and beverage stores (1.9%) and clothing stores (0.5%).

Negotiating Your Commercial Retail Lease

And arming yourself with the knowledge and information that you need to do so.

BY DALE WILLERTON THE LEASE COACH



Would you sign a 50-page Formal Lease Agreement without fully understanding it?

Unfortunately, many commercial tenants do and pay the price later. Comprehending the lease document as well as negotiating a good lease or renewal against an experienced agent or landlord can be challenging for many business-owners. While entrepreneurs think of marketing and managing, savvy real estate agents and brokers are specialized sales people. Their job is to sell tenants on leasing their location at the highest possible rental rate. Preparation and education are keys for commercial tenants to protect themselves and their best interests.

Retail tenants are at a disadvantage when it comes to negotiating their initial lease or their lease renewal. Tenants may have limited knowledge of the leasing process, yet they have to negotiate against seasoned professionals who negotiate leases for a living.

Whether you are leasing a new business location for the first time or negotiating a lease renewal, remember these tips for tenants:

» **Negotiate to Win:** All too frequently, tenants enter into lease negotiations unprepared and don't even attempt to win the negotiation. If you are not negotiating to win, you won't. With big commissions at stake you can be sure the landlord's agent, on the other hand, is negotiating fiercely to win. Negotiate aggressively.

» **Be Prepared to Walk Away:** Try to set aside your emotions and make objective decisions. The party who is in need of the lease deal more will give up the most concessions. And remember - a good business in a poor location will become a poor business.

» **Ask the Right Questions:** Gathering information about what other commercial tenants are paying for rent and/or what kind of incentives they received will position you to get a better deal. Consider that your landlord and his agent know what every other tenant in the property is paying for rent, so you must do your homework, too.

» **Brokers ... Friend or Foe?** Real estate agents and brokers typically work for the landlord who is paying their commission. It is not normally the agent's role to get the tenant the best deal - it is their job to get the landlord the highest rent, the biggest deposit, etc. The higher the rent you pay, the more commission the agent earns. If you are researching mul-

iple properties, try to deal directly with the listing agent for each property, rather than letting one agent show you around or show you another agent's listing. Your tenancy is more desirable to the listing agent if he can avoid commission-splitting with other agents.

» **Never Accept the First Offer:** Even if the first offer seems reasonable, or you have no idea of what to negotiate for, never accept the leasing agent's first offer. In the real estate industry, most things are negotiable and the landlord fully expects you to counter-offer.

» **Ask for More Than You Want:** If you want three months free rent, then ask for five months free. No one ever gets more than they ask for. Be prepared for the landlord to counter-offer and negotiate with you as well. So, don't be afraid of hearing the word 'no' from the landlord - counter-offers are all part of the negotiation game.

» **Negotiate, Negotiate, Negotiate:** The leasing process is just that - a process, not an event. The more time you, the tenant, have to put the deal together and make counter-offers, the better the chance you have of getting what you really want. Too often, tenants mistakenly try to hammer out the deal in a two- or three-hour marathon session. It is more productive to negotiate in stages over time.

» **Educate Yourself and Get Help:** Unless you have money to throw away, it pays to educate yourself. Taking the time to read about the subject or listen in on a teleseminar will make a big difference. And, don't forget to have your lease documents professionally reviewed before you sign them. With hundreds of thousands of dollars in rent at stake, personal guarantees and other risks, you can't afford to gamble. In leasing, tenants don't get what they deserve, they get what they negotiate.

Dale Willerton is The Lease Coach and a Certified Lease Consultant who works exclusively for tenants. Dale is a professional speaker and author of **Negotiate Your Commercial Lease**. If you've got a leasing question or want more information about the services offered by The Lease Coach, contact Dale at 1-800-738-9202, e-mail DaleWillerton@TheLeaseCoach.com

Four Virtues of Independent Bookselling

Combination of knowledge and individuality ensures strength of independent booksellers. BY ROBERT PRICE

A little less than a decade ago, the landscape of the Canadian bookselling industry was changed dramatically when the news of a merger between Chapters and Indigo was announced.

Back then, Chris Szego worked for Chapters. She remembers the immediate impact that this decision had on booksellers in Canada, and how it helped shape the industry as we know it today.

“The truth is, everybody [involved in bookselling] who was left filled a particular niche,” says Szego. “Each one is individual. Each one is unique.”

Now Szego works as manager of Bakka Phoenix, a bookstore that specializes in fantasy and science fiction literature. What she sees from her shop on Queen Street in Toronto is an independent bookselling industry that remains relevant by staying true to four virtues: expertise, community, choice, and individuality.

Expertise and Community

To remain relevant in the market, Bakka Phoenix strives to know their product and their genres better than anybody else in the market.

Szego says many of the staff at Bakka Phoenix write science fiction and fantasy, and therefore know the writers, publishers, and readership unusually well. The store’s reputation for product knowledge is such that sales associates from other bookstores in the area call Bakka Phoenix for product information.

But Szego also says that an expertise in the community matters as much for independent bookselling as product knowledge expertise. What independents so often sell is a cultural community space.

At Westminster Books in Fredericton, NB, Gloria Nickerson, Marketing Coordinator, uses social media to cultivate an interest in the story among the local community. This may sound counterintuitive, since advertisers and technophiles so regularly trumpet

the global nature of the Web. “Tweet and the entire world listens,” is the mantra. But as Nickerson explains, tools like Facebook and Twitter helped the staff develop a micro-Web of just over 100 loyal, local, and techno-savvy customers. The store uses this network to send targeted messages about in-store appearances, promotions, and holiday messages to this dedicated group of customers.

“Twitter is a nice little Web, and it’s quick and local, interactive and personalized,” Nickerson says. “We’re really just tweeting to Fredericton.”

Choice and Individuality

With online merchants selling nearly every title ever published, customers have access to a near unlimited choice. Independent booksellers also remain relevant by offering selection—that is, a manageable choice that makes customers’ search enjoyable and beneficial, not exhausting.

For Mike Hamm, Manager of BookMark II in Halifax, NS, customer loyalty equates in part to a broad product selection. Hamm says he buys books in ones and twos to provide customers with a selection in niche topics like philosophy, poetry, and architecture that they won’t get in larger bookstores. “Somebody might come in and ask for a book, and we’ll probably have a copy of it, even if it’s only one copy,” says Hamm.

The broad selection at BookMark II helps bring lesser known books to the attention of customers. Hamm credits the store’s selection as one of the factors that made a book of poetry a bona fide bestseller at BookMark II. It is this kind of choice that distinguishes BookMark II from other stores, and it’s their personality, eccentricity, and individuality that encourages customers to want to spend more time at the store. Blue Heron Books in Uxbridge,

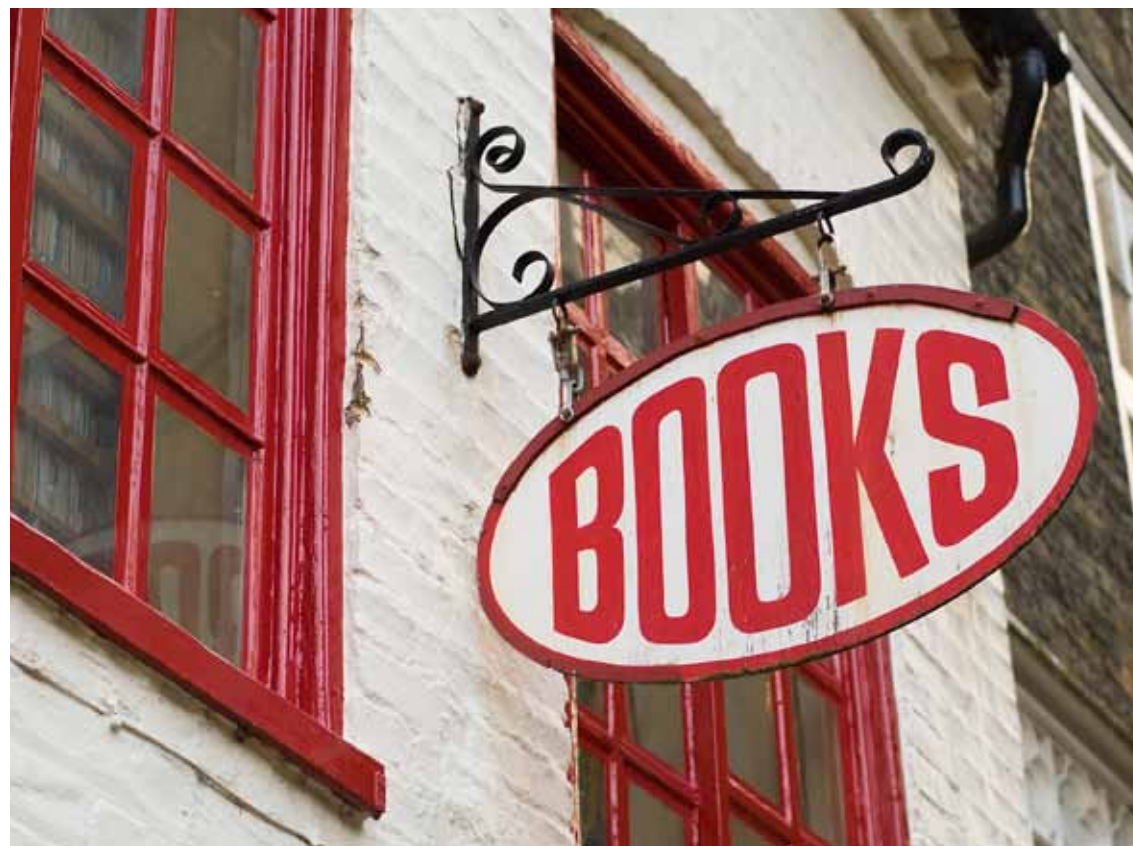
ON, individualizes itself through its events. The store hosts a monthly author event that draws up to 100 people and local media.

Recently, Blue Heron partnered with a local chef to sell a dinner package that included a copy of Julia Child’s *Julia’s Kitchen Wisdom*, a dinner, and a discussion.

“If people aren’t coming to the store,” says Shelley Macbeth, Owner and Manager of Blue Heron Books, “I take the store to them.”

Back at Westminster Books in Fredericton, Janet North, Owner and Manager, crafts loyalty programs, including a ten per cent discount on purchases for members that encourage customers to come back and shop again at the store. As Westminster celebrates its thirty-fifth year in operation, North says that the loyalty programs, selection, and community building activities will help the store remain the oldest bookstore in Atlantic Canada.

“It keeps customers coming back for more,” says North. “We want to be here for another 35 years.”



Amazon.com to begin fulfillment operations in Canada

BY SEAN C. TARRY

Following a review period by the Canadian federal government, which began in January of this year, American bookselling giant Amazon.com have been granted approval to open a fulfillment centre north of the border. It’s a decision that has caused concern amongst many Canadian independent booksellers, sparking debate concerning Amazon’s commitment to Canadian arts and culture.

The Canadian government reviewed Amazon’s proposal under the Investment Canada Act, whose laws are meant to protect the Canadian bookselling business from foreign ownership as an integral part of the country’s cultural industry. This is a point not at all lost on many independent booksellers who feel that the decision could set an irreversible precedent concerning future foreign investment in the Canadian bookselling sphere.

“To allow Amazon.com to operate as a business in Canada is to dismantle the safeguards which protect our heritage,” states Nancy Frater, owner of BookLore Stores

Inc. “Canadian booksellers have spent years promoting Canadian authors and Canadian culture. To allow Amazon.com to operate as a business is going to set a precedent for future foreign ownership and a total disregard in keeping Canada ‘Canadian.’ The fundamental question in this debate should be: In what kind of country do we want to live? The answer should be: In a country where our Canadian culture is preserved for future generations; Canadian booksellers, not a large American monolith, would ensure this preservation.”

This, however, is not a sentiment shared by James Moore, the Minister of Canadian Heritage. In a statement released by the Minister’s office immediately following the contentious announcement, Moore assured that the decision underlines the Canadian government’s intention to strengthen Canada’s economy, particularly in the arts and culture sector. Further, he stated that the decision was also based on Amazon’s willingness to promote Canadian cultural products; a proposed willingness that is challenged by some.

“As local bookstores we work very hard to support and bring the attention of our customers to the regional, local and aboriginal authors in our areas,” says Angela Powell, owner of Phoenix on Bowen. “This is something important for our unique Canadian culture that an American dot.com retailer would never consider.”

Others, like Ian Elliot, owner of A Different Drummer Books, believe that the recent announcement could even have an adverse effect on community – the very essence and lifeblood of Canadian arts and culture. “I believe the prospect of this American-owned venture threatens not only the survival of community-oriented stores like my own but will negatively affect the dissemination of Canadian literature, altering publishing programs at the major Canadian publishers and leaving vulnerable the not-for-profit and small presses, where most of our major literary figures began their careers—Michael

Ondaatje and Joseph Boyden come to mind.”

As troubling as this decision is for many Canadian independent booksellers, they may soon not be alone. In the Canadian government’s throne speech delivered earlier this year, it was noted that in the coming years other key sectors traditionally protected under Canadian law could be opened up to foreign investment, potentially posing similar implications for other industries.

Following review under the Investment Canada Act, Amazon.com was granted approval to establish a fulfillment centre in Canada.

The decision was made by the Ministry of Cultural Heritage based on several commitments made by Amazon, which include the following:

- ▶ new jobs for Canadians and improved service for Canadian consumers;
- ▶ increased visibility for Canadian books on the Amazon.ca Web page;
- ▶ an investment of over \$20 million, including \$1.5 million in cultural events and awards in Canada and the promotion of Canadian-authored books internationally;
- ▶ increased availability of French-language Canadian cultural products;
- ▶ the establishment of dedicated staff to assist Canadian publishers and other suppliers of cultural products;
- ▶ making more Canadian content available on the Kindle e-reader; and
- ▶ creating a summer internship program for Canadian post-secondary students.

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Independent Retailer wants to know what you think about this story and how you think it might affect Canadian independent retailing moving forward. Visit <http://www.independentretailer.ca/index.php/survey> to share your thoughts with us. And, if you’d like to weigh in with your thoughts concerning any other story or issue related to independent retailing in Canada, call our Customer Service team at (888) 373-8245, or email customerservice@retailcouncil.org

making
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As an independent retailer, developing the right marketing approach is essential to the growth of your store. Understanding how to do this is perhaps even more important. BY SANDY KEDEY

The good news for retailers, according to Statistics Canada, is that Canadian consumers are spending again, powering our economic recovery. So now that they're doing their part, what about you and your business? How are you building on your relationship with your value-conscious consumer?

As Independent retailers, here's a list of the top six things that will enhance your marketing initiatives and the success of your business.

» 1. Differentiation in market

Who are you, what do you do, and why should I care?

It's important to make it easy for audiences to retain essential information and form an image of the company being promoted. Position one essential idea you "own", or want to own in the minds of your consumers. If you're not sure where to start, perhaps begin with your own history. How did your business begin? What are your values? What do you stand for? Have you defined a mission or vision statement? These are often good places to start.

Diane Petryna, President of Take A Hike! The Outdoor Adventure Company, points out the fact that most outdoor sporting goods stores carry clothing, footwear and gear targeting men as their primary customers. She's able to differentiate her store by

taking a traditional model, and targeting it toward a non-traditional audience.

"At Take A Hike! we target active, educated women and their families. Not only do we offer them clothing, footwear and gear, we also offer a unique selection of outdoor inspired toys and gifts. Women definitely feel that Take A Hike! is their store."

» 2. Right Target. Right Medium. Right Message

You can't target all customers the same way and expect the same results. A 15 year-old does not shop the same way as a 35 year-old, or a 55 year-old. And yet, they may all be your targets - your consumer. By using selected mediums and messages, you'll generate buzz, awareness, interest and finally sales to your brand. Consumers see more, and also, ignore more. For example, radio reaches a mid to older market effectively, while online makes sense to the younger skew. Still, consumers are shopping with more control and passion, so oftentimes the preference is driven by their own interest, versus the media vehicle chosen.

"We find that radio is a great media outlet for the type of retail format that we operate," says Andrea Lenfesty, Marketing Manager at Garvey's Fine Men's Wear. "It allows us to be in and out and change copy so that we can get the message out quickly when new prod-

uct arrives or we have an event. Because of this approach, we don't need to rely on supplier images and are ultimately able to create the image we want in the customer's mind."

Though, for Golda's Kitchen Inc, Web-based advertising is the most effective way to reach its core clients. "As an online business, we no longer do traditional marketing for consumers to visit the store," says Vice-President Fred Pritchard. "Rather, everything is targeted to online consumers who are looking for hard to find items in Canada."

» 3. Interconnectivity is a part of life

It impacts the way people receive and share information, communicate, transact business, even the way they socialize. Rather than buying inventory/database, there is software that can define your user groups with real-time targeting. Think about and use social media as a component in your marketing efforts. Your users are vocal and very, very connected.

Online and mobile surveys can provide very specific targeting to your market, and real time feedback too. At an affordable rate and before you develop your merchandising promotion or launch, these are great tools not only for customer feedback, but to encourage employee feedback, too.

Just recently, Petryna took the opportunity to test the power of the Internet, and the ef-

fectiveness of customer connectivity for Take A Hike!

"In 5 days I recruited more than 80 friends and 45 have joined the "Take A Hike!" group," she exclaims. "I am excited about using this new technology to reach my customers at little or no cost. I've chatted with a neighbouring business owner and we've agreed to work together in getting Facebook working for our stores. If it takes a buddy to get you out to the gym regularly, maybe some of us need a "social networking" buddy as well."

» 4. Customers expect more

Consider marketing in four customer stages: before the buy, the shop itself, the purchase and/or transaction, and after the buy. All levels need to be consistent with your image and delivery, so ensure your brand is on their radar. And reward your customer, both new and old, and they'll be back... again and again.

"We actively engage customers in conversation to discover what brought them into the store in the first place," states Petryna. "We also ask them what plans they have for the coming seasons, and what their interests are. This gives us good insight into who our customers are, and how we can best help them."

For Lenfesty, sales continue to be about relationships rather than product. "By asking the customer more than the standard 'may I help you,' you open the door to learning about the person and establishing something in com-

mon. From the time the customer walks in to the store they are treated as if they've entered our home. They are our guests. We want them focused on their needs, not distracted from them."

» 5. Real-time connection

Even with all the digital ease and control at shoppers' fingertips, customers seek connection. Think about and become involved with community efforts, cause events and give-back. Focus on how a customer feels about their interaction with your environment, product, service and brand. This will allow you to ultimately build brand loyalty.

"Our community is extremely important to our survival," admits Lenfesty. "We need the community and it is our obligation as responsible citizens to be active and to serve them appropriately. We support local charitable organizations and causes that are important to our customers. It's hard to measure the return on investment, but the goodwill that is created in the community is hard to put a price on. Being tight-fisted is easy to justify during recessions, but it's the generosity of spirit that will define and separate you from the rest. People remember that."

» 6. Invest in a website

No question, this mode of engagement will continue to grow exponentially and create new channels for customer insight, interaction and participation. Your customer is shopping just as much, if not more so, online and then stepping into your store to complete the transaction. They are also spending

upwards of 30 minutes on dynamic sites, so engagement is essential, and increasingly becoming the norm. You don't need to be an e-commerce expert quite yet, but presence and involvement is vital.

Pritchard, who has overseen the growth of Golda's Kitchen Inc.'s online presence, believes that investment in a Web site is extremely important, but that focus is paramount to its effectiveness.

"Several large chain retailers have come and gone with respect to e-tailing, but we approach our business with drive and determination with a single vision as an online retailer who happens to have a store, not a store with an afterthought Web site. As I have told my suppliers, we are operating a business, not a hobby."

Keep in mind that while the marketing mix for independents may differ from that of larger retailers, your customers are still very much the same. And remember that because the shopping behaviour of today's consumer is changing rapidly, so must your behaviour if you're to reach them and connect them with your brand. They're spending, so time to get out and build brand loyalty. These six tips should help you do just that.

Sandy Kedey, AOCA, RGD, is Assistant Professor, Faculty of Design, OCAD, Canada's largest degree granting institution for Art & Design & President of SLK Communications Inc.

5 Key Steps to Hiring ...and Keeping Better Staff

The search for great staff is never easy. And lately, it seems to be even tougher to hold onto them. So what can you do to retain your top talent?

BY KEVIN GRAFF PRESIDENT, GRAFF RETAIL

For retailers, the ability to staff their stores with bright, dedicated, engaged, talented and hard working individuals is critical to their success. So, let's look at five key things you can do to hire ... and keep better staff.

Run Tougher Interviews

Let's face it. A ten-minute interview in the stockroom or across your cash counter just doesn't cut it. You might discover a few things about the person in front of you in this short amount of time that may influence a hiring decision. But there is no way for you to know for certain in ten minutes whether they are the individual that you want engaging with your customers. In conducting such a short interview, you also unintentionally communicate to the candidate that the job in question isn't very important, because if they are hired for the job in just ten minutes, how could it be? The result of the short interview: rapid turnover of employment.

Conduct a minimum of two interviews. Standardize the questions to ensure that you ask each candidate for the same information. And make the questions fair, but make them rigorous. You really don't want to leave any stones unturned when deciding if the person in front of you can do the job, and whether or not they are going to fit into your store culture and values.

Check References on Every Candidate

It's time to stop hiring each other's poor performers! Alright, that may sound a little harsh. But, the best indicator of future performance of any employee is in their past behaviours. Contact their previous employer or manager and talk to them about the candidate in question. Would they hire them again? You might also want to ask them what type of work environment best suits this person, allowing them to achieve the most and be successful.

Help Them Achieve Success Right Away

Everyone can appreciate the anxiety that's felt when settling in to a new job, especially during the first few days and weeks; not really understanding what to do or how to do it. So it's fairly easy to understand why a number of staff in stores across the industry quit after just a few short shifts. Make sure that the first ten shifts for each new employee are tightly orchestrated. And give them the skills they need. Set them up for success. Give them more feedback. Make them believe they are successful and can continue to grow as employees.

Make Sure to Provide a Lot More Coaching

The more you talk to your staff, the better they'll perform on the job...and the longer they'll remain your employee. So make sure you coach your staff at the beginning of every shift, on the sales floor and at the end of each week of work. When you follow through on your mentoring and coaching responsibilities, your employees will be more engaged than ever before.

Have Fun

No one wants to work in a dull, boring store. Have a laugh once in a while, giggle and smile while on the job. If your employees are having fun, chances are that your customers are too. And both will hang around your store for a much longer period of time! Now, that's a good thing.

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Kevin Graff is the President of Graff Retail, offering retailers expert training and consulting on a wide variety of topics, all aimed to improve your store operations. For more tips, or to inquire further about the services provided by Graff Retail, visit them on the Web at www.graffretail.com.

To take a look at some of the latest industry trends related to recruitment and retention, download Retail Council of Canada's *A Changing Retail Landscape: An Analysis of Emerging Human Resources Trends*, at www.retailcouncil.org/storeops/hr/rcc_hrtrends_eng_20091202.pdf



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We are Here to Serve You

At Retail Council of Canada, addressing the needs and concerns of our members, and helping them meet the challenges of operating an independent retail business in Canada is our utmost priority. It's something that we take great pride in, fueling our day-to-day activities here at the association.

And as the hub of this vibrant community, our membership team is always looking for new ways to assist our members in improving their in-store operations and keeping abreast of all of the latest industry news and trends.

To that end, the membership team loves to hear from you. We encourage you to share your stories with us; let us know how business is going for you, and update us concerning any exciting projects you're involved in or accomplishments your business is celebrating. Our mission is to be the go-to resource for all of your business needs—you can help us achieve that.

You can also contact us to take advantage of the great services that we offer, like best practice documents related to customer service, advertising and marketing, health and safety and many

other areas of interest. Or sign up for one of the many cost saving programs that are available such as discounts on group benefits, insurance, office products, shipping and much more.

You can also make sure you get the most out of leading-edge skills development and networking opportunities that RCC offers, including many seminars concerning topics relevant to independent retail. And if there are any issues impacting your business that RCC can help with, call our membership team right away. Please help RCC's membership team serve you better by emailing or calling us at any time to sign your team up and get connected, and start taking advantage of all of the great service that we can provide for you and your teams! *You can contact the RCC Customer Service Department at (888) 373-8245, or email us at customerservice@retailcouncil.org*

Sincerely,



Robyn Russell
Acting Manager, Membership Services



Robyn and her team are always looking for new ways to serve you better.

PHOTO BY SCOTT NEWMAN/IDS

If your company is interested in advertising within future issues of *Independent Retailer*, or would like more information about advertising possibilities, please contact Bill Yetman at 888-373-8245 ext. 249, or send an email to byetman@retailcouncil.org



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