

## **The Kids are Alright**

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*BC Business magazine*

*While many independent booksellers have succumbed to the power of national chains, big-box outlets and online emporiums, local children's book retailers have found their own path toward success*

When Portia Tickell told people she was opening a children's bookstore on Vancouver's Main Street, jaws began flapping. Didn't she know B.C.'s retail landscape is littered with the ghosts of independent booksellers? Hadn't she heard the death knell for the Granville Book Company, Fireside Books, Women in Print and Black Sheep Books? How about Merlin Books in Kamloops? Or Prince George's beloved Mosquito Books?

More importantly, didn't she realize that a certain independent competitor had veritably ruled the roost since 1983? "They said, 'Oh, you're going up against Kidsbooks?'" Tickell recalls, her blue eyes widening. "'Aren't you a brave one!'"

It's true. Kidsbooks runs three award-winning stores across the Lower Mainland and elicits pious devotion from customers of all ages. Clearly, Tickell was well advised to study the competitive scene. But not only had this former film script supervisor done her homework; she knew that B.C.'s children's book retailers are beating the odds in a game that's notoriously stacked against independents.

Her store, Once Upon a Huckleberry Bush, opened last August in the trendy South Main area. Tucked between a hipster hair salon and a fitness store for triathletes, the shop sits at the southern end of the street's rapidly creeping gentrification, a location where noodle houses and antique shops still rub elbows with chic clothing boutiques and sleek cafés.

Once Upon a Huckleberry Bush became profitable almost immediately after the doors opened, and Tickell estimates that the store now sells about 25 to 35 per cent of its 9,000-title inventory each month, or between 2,250 and 3,150 books. With those numbers, the store would turn over its full inventory between three and four times each year – a very strong start, according to one industry observer. "Inventory turns vary by type and size of bookstore, but a reasonable benchmark is somewhere between 2½ and three times per year," says Craig Riggs, a partner at the Vancouver strategy and communications consulting firm Turner-Riggs.

It's early days for the business and Tickell admits she's still tackling the learning curve inherent in running a bookstore and managing inventory, but she

anticipates the store could achieve a 10 per cent profit margin by next month. According to Susan Dayus, executive director of the Canadian Booksellers Association, “A two per cent profit at year end is considered good in our industry, which does not leave much for booksellers to work with in a down economy.”

Riggs agrees. While he can’t reference hard data on average bookselling margins, “it’s generally held that average profits in indies are under five per cent.”

Tickell’s success to date indicates that there is enough room in Vancouver for more than one children’s bookstore. It also shows that independent kids’ booksellers can compete with a national bookstore chain, big-box grocery outlets and the online book emporiums that pose a very real threat to small book retailers across the province.

In Canada, retail market share has been steadily shifting away from independent booksellers since the mid-1990s. That’s when Indigo Books & Music Inc. began rolling out large-format stores under the Indigo and Chapters brands and consolidating smaller Coles, SmithBooks and The Book Company outlets in malls nationwide.

Today Indigo runs 247 stores across Canada and 37 in B.C. alone. A 2008 study for Canadian Heritage prepared by Turner-Riggs showed that Indigo had secured 44 per cent of Canada’s \$1.59 billion consumer book sales by 2006. Non-traditional booksellers such as Costco and Wal-Mart accounted for another 20 per cent of sales, while four per cent went to online retailers and 12 per cent was sold directly from publishers and specialty wholesalers to libraries, schools and “other.” Just 20 per cent of the pie was left for indie retailers.

“Independent bookstores have been under a lot of pressure over the last 10 to 12 years,” says Riggs, who co-authored the Canadian Heritage report. Chain outlets and online retailers can afford aggressive pricing and maintain a massive inventory – from the ubiquitous Twilight and Traveling Pants teen series to more obscure titles. “A general independent bookstore can be really hard-pressed to compete in that space,” says Riggs. “But independent bookstores that have a category focus, like Kidsbooks, have a real advantage.”

Where retailers like Tickell can maximize that advantage is by creating an enhanced customer experience, one that emphasizes personalized service, interactive author events and deep product knowledge. Sure, customers can purchase Goodnight Moon while they pick up a crate of cat food, but “that’s not a book-buying experience,” Tickell explains. “They’re really sick of big-box stores. They might know they’re going to get a better deal, but they feel insignificant.”

It’s a soft explanation that underpins a year of research and meticulous planning.

Sitting in the store's reading area, Tickell, 46, radiates modest pride in the tidy, 885-square-foot space. A tree of hand puppets flanks the cash register. Bank lights illuminate blond laminate floors and highlight colourful book displays designed to lure in young readers. There's a jumble of plastic toys near the back and a thicket of beanbag chairs, where parents and kids gather on Tuesday and Friday mornings for story time – when sales typically spike by 25 per cent.

Tickell spent three months writing a business plan and secured full financing from the first bank she approached. Working with Small Business B.C. – a not-for-profit provincial business resource centre – she learned there were 74 elementary and secondary schools in her targeted area (bordered, east to west, by Boundary Road and Oak Street, and, north to south, by Hastings Street and Marine Drive). Tickell developed a detailed customer projection by income, ethnic background, per-capita book spending and travel habits. She also researched sales volumes for other area retailers and children's stores and sent a \$5 discount coupon to 24,000 local households to celebrate the store's grand opening.

In the fall of 2008, the Vancouver School Board agreed to distribute a letter and marketing brochure Tickell created to introduce librarians and teachers to the store, where they receive a 20 per cent discount on school-related purchases. (Librarians and teachers currently account for about 25 per cent of sales, but Tickell says that figure is growing by leaps and bounds.) She is also working to infiltrate school parent advisory councils, an approach industry observers say is critical.

“There has to be a tremendous amount of outreach and promotion,” says Ron Jobe, professor emeritus in UBC's department of language and literacy education and a founder of the Vancouver Children's Literature Roundtable. “Stores that fail expect people to come to them. Children's bookstores can't. You've got to get to where the parents are.”

In-store events are another tool retailers use to open wallets. Tickell currently plans about two free author readings or launch parties per month. Costs for advertising, supplies and other materials vary from 10 to 30 per cent of the gross event sales. A handful of these readings have been “wildly successful,” says Tickell, with up to 62 books sold at a single event, but, more importantly, they establish the store as a community hub and ensure local children's writers, readers and especially parents spread the word. “I want to be the talk of the soccer field,” Tickell explains.

Johanna Duprey and her daughter Bella, 8, and son Lucas, 3, shop at Once Upon a Huckleberry Bush at least once a month, spending about \$30 per visit. The family lives nearby, and Duprey says they choose specifically to buy

children's books at Tickell's store. "The salespeople really know the product," she explains. "I can go in and say 'my daughter loved The Giggler Treatment. What else would she like?' The atmosphere is also more fun." While Duprey says she buys adult books on Amazon.com, when it comes to children's titles, "it's OK to spend more because of the selection, service and experience."

The next day, I catch up with Donna Williams at the airy, 2,400-square-foot Kidsbooks store in South Surrey, while Michael Bubl  croons softly over the stereo. A busy entrepreneur and mother of two daughters, ages 13 and 10, and a seven-year-old son, Williams says she visits the store about every two weeks and spends at least \$50 during each trip. "I love the variety of books for all ages," says Williams. "The selection here is huge and the staff are very welcoming." While she would never spend that same amount of money on books for herself, Williams says she's happy to buy reading materials for her children. "For my kids, I don't even hesitate."

Even in a tough economy, Duprey's and Williams's words ring true for the Canadian Booksellers' Susan Dayus. "One thing we hear is that when there is a downturn, consumers will cut back or cut out discretionary spending on themselves, but they still consider buying books for their children important," she says. "So bookstores that either specialize in children's books or those that have an excellent assortment of children's books are not affected quite so much as other retailers."

Savvy children's bookstores also train staff to "hand-sell" the titles, which involves carefully matching children (or parents, grandparents and gift givers) with the right books. "Unless you're in that world all the time, it's really hard to know what to buy," says Kidsbooks founder and co-owner Phyllis Simon. "Every child has different tastes, and every child has a different reading ability." Informed, excited and well-read staff can eliminate the guesswork – and offer an experience that's unmatched in aisle seven of a big-box outlet.

Simon opened Kidsbooks in 1983, and the store has since grown from one staff member to a team of 40 spread among three different locations in Vancouver, South Surrey and North Vancouver. For Simon and co-owner Kelly McKinnon (who joined Kidsbooks in 1990), having experienced staff is key, which is why the company now offers a shared medical and dental benefits plan that employees can access after six months. To further foster a stable workforce, Kidsbooks matches employees' RRSP contributions up to \$500 after two years of full-time employment and up to \$1,000 after five years. Five employees and store managers have now been with the company for more than 10 years, while another six full-time and four part-time booksellers have spent five years at the store.

The connection between experienced staff, a welcoming environment and enthusiasm for children's writers and readers is familiar to smart kids' booksellers throughout the province. In 1980 Sharon Scott bought Through The Looking Glass, a bookstore in Nelson, B.C., from Anne Loewen, who had started it in 1977. The 1,000-square-foot downtown store sells children's books, toys, greeting cards and gifts to a loyal customer base. Scott says she added inventory slowly at the beginning but increased her title base "manyfold" over the next several years, with profit margins rising in tandem. In her town of 10,000 residents, Scott is up against Wal-Mart and Coles, among others, but the store remains a community destination.

Scott credits her success to maintaining the right inventory mix, responsive in-store service and loyal shoppers who go out of their way to support the store. Scott's customers – typically young mothers and grandmothers – will come in two to three times a month and spend about \$20 (the cost of two children's books) in a single visit, she says. Simon estimates that the per-visit spending average is closer to \$30 to \$40 at Kidsbooks, but emphasizes that educators making school-related purchases will spend hundreds of dollars at a time. By contrast, Statistics Canada's 2006 Survey of Household Spending reveals that the average Canadian household spent just \$108 annually on books (excluding textbooks), a low number compared to the yearly purchases for these avid children's book buyers.

For Scott – who has watched one local general-interest independent bookstore, The New Leaf, close its doors and another, Otter Books, change hands three times since 1980 – simply surviving for nearly 30 years and earning "a decent living in this beautiful town" is the ultimate mark of success. "We're in this business because we love books and love promoting them to others," she says. "Being able to keep the doors open in spite of many obstacles is what matters most."

While niche stores such as Through The Looking Glass and other category booksellers, including Vancouver's Barbara Jo's Books to Cooks, have managed to thrive, running a children's store requires even more madness than operating a general trade shop, according to UBC's Ron Jobe. "It's such a romantic ideal, yet it's really hard to find the right location to build up the clientele and to get the parents and the kids coming and to get the teachers coming – and then to sustain it." Securing an attractive Main Street location has likely been key to the early success of Once Upon a Huckleberry Bush, says Jobe, who tips his hat to Tickell. "For Portia to do that is very brave indeed. I admire the courage and the commitment."

For Tickell and others, that commitment is clearly paying off – though not, Tickell notes, without a lot of hard work. As she peers out her store window, she

considers the competitive landscape and says she's successful because books are still vitally important to children. Her business model is solid, but that doesn't mean the field offers an easy target for more children's retailers. "If someone wanted to open another bookstore," she says, "they'd better do their research."