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Staying Afloat

Small businesses are finding ways to compete with chains

By LISA AICHLMAYR
Times Herald

As St. Clair County waits for its third Blockbuster Video store -- in Clay Township -- by the end of the year, Video Stop in Algonac is bracing for the extra competition.

Owner Shelley Carrizales, 39, started expanding the Michigan Street store when she bought it in March. The idea was to better compete against the mega-chain set to open a store in the in-progress strip mall on Pointe Tremble Road (M-29).

"My goal is to make sure (customers) can still get what Blockbuster offers," she said.

As more chains weave their way through the county, many small retailers face the inevitable stiff competition.

Because of their massive national buying power, chains often can have prices far below those of independent stores. But the key, experts said, is to push the ace in the hole for small retailers -- personalized customer service.

"There's a lot of customers that will walk away quickly on price if there's nothing else there," said Denise O'Berry, president of The Small Business Edge Corp., a consulting firm in Tampa, Fla. Louise Keggs, 65, of Algonac said she tries to shop first with locally owned stores.

"I don't like chains because they knock out the little guy," she said as she rented *The Wedding Planner* from Video Stop.

How to make a small business work

- Start an e-mail or snail mail list to loyal customers. Use the list to send special offers or sale announcements. But don't alienate customers by sending offers too frequently. Once a week is the limit.
- Assure customers when they sign up that you never will share their personal information and you won't fill their inbox with junk. Remind them of this policy with each letter or e-mail.
- Reach new customers through your loyal ones. Encourage them to bring friends with special offers for recommendations.
- When doing radio or newspaper ads, start by posing a problem, then show how your service solves that problem. Don't be vague and don't count on name recognition. Give customers a reason to act immediately, such as a great sale.
- Run a series of ads. Customers don't register ads until they've seen them about six or seven times.
- When customers do come to your store, make sure your staff treats them well. Also treat your staff well so they take better care of customers.
- Partner with nearby businesses on promotions. For example, exchange special offers where your customers can get \$1 off something at the shop next door.

Source: Denise O'Berry, president of The Small Business Edge Corp. in Tampa, Fla.

O'Berry said stores can't rely on that sentiment to sustain them.

"They need to take some proactive steps to get customers into their store," she said.

She suggested mail or e-mail lists, special offers and happy, helpful staff.

Chains have their own unique appeal, Blockbuster spokesman Blake Lugash said. He cited familiar store layouts, extensive selection, consistency, and prices as the Dallas movie rental chain's qualities. Customer service also is a priority point for the chain, which has standardized training for employees at its 5,300 stores nationwide.

Lugash said Blockbuster tries to get involved in community causes and does not try to be the only dog on the block.

"The home-video-rental industry is a huge market, so we think there's room for everybody," he said.

Tammy Paeth, acting manager of Chart Hit Video in Port Huron, said they have tried to hold their own after Blockbuster opened across town. The video shop formerly was named Mammoth Video.

"They get a lot busier than us, but they're nonnegotiable on late fees," she said.

Still, locally owned shops don't always win out against the big chains. Dennis Vollmer,

president of Vollmer Pharmacies Inc., decided to sell three of his four pharmacies and retire as two CVS pharmacies were nearing completion in the county.

"There's no other reason," he said. "I just wanted to slow down a bit."

In August, Vollmer's two Port Huron pharmacies -- at Krafft Road and 10th Street -- closed and sent their accounts to the new CVS at 10th Street and Lapeer Avenue. Vollmer said his Groff's Drug Store in St. Clair also will close and hand over its accounts when the CVS on Carney Drive opens by the end of the year. The Wadhams Pharmacy and remaining card shops are unaffected.

Though he said he decided to sell when CVS approached him, Vollmer said his business, which he has owned since 1971, is doing fine.

"Hopefully we have had good customer service, and people were happy with that and came back and supported us," he said.

Jack Smith's Market in Port Huron closed late last year as losses from competition and theft soared. Then-owner Gary Reichle in December said the low prices offered by chains marked his store's end. He said they were selling Thanksgiving turkeys for 10 cents a pound, but he couldn't go lower than 78 cents.

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