



Community Success Stories

The Old Tin Shed

www.theoldtinshed.com

Bancroft, Ontario

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INTRODUCTION

This community success story case study is part of the Monieson Centre's Knowledge Impact in Society (KIS) Project, a three-year endeavour to connect academic knowledge with economic development needs in Eastern Ontario. This case study highlights best practices from a real business in Eastern Ontario. The KIS Project is funded by the Social Sciences and Humanities Research Council of Canada. For more information, visit www.easternontarioknowledge.ca.

The Old Tin Shed is a privately-owned, family-run retailer of gifts and home décor items. The business was originally founded by Dagny Musclow who would travel to craft shows to display and sell a unique line of products. In 2003, driven by a desire to expand, Dagny's mother Janis joined the business. The two owners found an excellent location for the business, an old tin building in Bancroft, Ontario, and opened a permanent location in May 2003. This case study analyzes the key factors that have allowed The Old Tin Shed's existing facility in Bancroft, Ontario to achieve success. In addition to outlining these key success factors, the case study further provides strategic recommendations for continued growth.

COMPANY OVERVIEW

A relaxing atmosphere and relationship-based customer service make the Old Tin Shed an enjoyable place to shop and encourage customers to linger. The shop offers a wide range of unique products, most of which are relatively small gift and home décor items. The owners purchase these one-of-a-kind products directly from small-scale producers and craftspeople. The products offered are generally small gift and home décor items, although they have a substantial personal care section dominated by Burt's Bees products. All the products fit well with the store's atmosphere. Wood and iron-based home décor products, scented candles, and primitive jewellery create a rustic ambiance that inspires relaxation and a simpler way of life.

One significant challenge that the business has had to deal with since opening the permanent location has been maximizing the use of a very small retail space. The display portion of the store is only 800 square feet, a significantly limited space given the wide range of items sold in the store. To deal with this challenge, the layout of the store is constantly being changed. Items are moved frequently and displayed in different areas of the store. This reaction to a constraint has become a trademark of the business. The constant rearranging keeps the store fresh and interesting to repeat customers. It has

also led to the unique feel of the store because customers are always seeing the store in a different way and seeing products that they may have overlooked on previous visits.

Even with this creative response, space constraints limit the Old Tin Shed's revenues and detract from the shopping experience. The Old Tin Shed's small parking area forces customers to park along the highway during peak periods and likely deters potential customers from stopping to shop. Peak season crowds inhibit the flow of customers into the store and rush those shopping inside. Crowds also prevent staff members from assisting customers and developing personal relationships. It is apparent that space constraints negatively affect the shopping experience and result in lost sales and goodwill. Space constraints also create operational difficulties. The building lacks sufficient office and storage space, such that bookkeeping must be completed off-site. The owners have reverted to storing inventory at their homes, forcing them to shuttle it back and forth, and increasing operating expenses.

Online sales account for a small proportion of total sales. On average, the Old Tin Shed receives three orders every six days. Nevertheless, a web presence is a necessity in today's environment. The website has been successful in building brand awareness and collecting customer feedback and suggestions through an online guest book.

Entries in the online guestbook and first-hand observations reveal that the Old Tin Shed serves four main customer groups: local residents, cottagers, tourists, and individuals from neighbouring towns and far off cities that travel to Bancroft specifically to shop at the Old Tin Shed. These customer groups share some demographic characteristics, such as being predominately female and middle to high income earners. Each group has its own purchasing habits and preferences. For example, local residents, the largest customer group, are more price-sensitive but purchase more frequently. Each group also presents its own challenges. For example, the second largest customer group – cottagers and tourists – visit the Old Tin Shed primarily in the summer and fall, creating seasonal revenue fluctuations.

Summer increases in tourist and cottager spending, combined with high demand for the Old Tin Shed's festive fall and holiday products, result in a peak sales period from June to January. The owners use targeted promotions to address the unique needs of each customer group and smooth seasonal sales fluctuations. Targeted promotions have brought much success, but retailing challenges, such as volatile demand and competition, cannot be ignored.

The Old Tin Shed has a number of exciting opportunities available to it. Customers have indicated an interest in purchasing rustic, antique furniture and salvage materials. The owners hope to expand their product offerings to include these items in the future. Adding furniture and salvage materials to their portfolio also presents an opportunity to appeal to more male customers. Expanding product offerings and targeting new customer groups will drive future revenue growth. Customer feedback also suggests that customers derive much value and enjoyment from in-store seminars and discussion groups. New product offerings will require more display and storage space and additional in-store events will require more seating and floor space.

Dagny and Janis have noticed a strong positive correlation between sales and both product placement and display attractiveness. Additional floor space for creative product displays would facilitate revenue growth from existing offerings. It would further allow for seating and other features to enhance the store's relaxed atmosphere and encourage customers to linger. Current space constraints limit The Old

Tin Shed's ability to take advantage of opportunities to grow revenue and enhance the in-store experience.

The Old Tin Shed is considering expanding its existing facility to build on its success thus far, to address revenue and operational inefficiencies due to crowding, and to position itself to take advantage of growth opportunities. More specifically, the owners are interested in renovating the existing building, leasing adjacent land and hiring two additional part-time staff to help run the business. Having built an established clientele through developing a unique shopping experience, the Old Tin Shed has great potential to further grow the business and increase their margins, thus improving their return on investment.

KEY SUCCESS FACTORS

Knowledge of Customers

A key success attribute for the Old Tin Shed is the intimacy it builds with its customers. Being a small business, where one of the owners is usually in the store at any given time, it is able to get to know its customers better on a personal level. It occasionally puts out a formal customer survey to get even more data about customer opinions. This is crucial to its operations and the ability to tailor its business to the aspects that are most appreciated by customers.

This knowledge has taught the owners that the experience received from shopping at The Old Tin Shed is highly valued by the customers. The relaxing atmosphere and the time customers can spend without pressure from staff makes it an enjoyable place to shop.

Customers appreciate how unconventional the store is. Products are not only positioned at eye level, but scattered everywhere in the store. It takes time to look through the store and it is usually impossible to see every product offered in one visit, giving customers a reason to come back.

Unique Products

The products offered at The Old Tin Shed are not equivalent to products offered at most other retail stores in the area. Products are bought directly from producers and artists. These are tailored products, not mass produced, and are therefore they not generally available elsewhere. A large number of the products are produced in Pennsylvania; Dagny and Janis make a few purchasing trips each year to seek out such products directly from their producers. By purchasing directly from suppliers, The Old Tin Shed cuts out intermediary distributors, allowing them to sell their unique products at lower prices.

Another attribute that contributes to the uniqueness of the product offerings is the strategy the company takes to deal with limited retail space, moving items around the store frequently. This highlights different products at different times making products seem new to the eyes of the customers. It also contributes to the experience of shopping here since customers are always finding new and interesting products.

Off-Season Promotions

The Old Tin Shed experiences a defined peak season for sales between June and January. One factor that has led to its continued success is its ability to drive sales and customer flow during their off-season. It does this through defined promotions targeting customers in these down months.

Examples of such promotions include:

- A Burt's Bees seminar in February, where customers are invited to learn about the products offered and the value of the products compared to non-organic alternatives sold elsewhere.
- A promotion where customers can bring in receipts from purchases made in February and March to receive a 20% discount on a purchase in April.
- A major clear-out sale every May.

These promotions enable the company to avoid large fluctuations in sales during the year and helps smooth out cash flow variations.

OPPORTUNITIES FOR CONTINUED SUCCESS

Expand Retail Space

The Old Tin Shed is planning on expanding the physical space of their current location. Keeping with their current use of space they will continue to rotate and display items throughout the entire sales floor. They will build on the current feel and ambiance by using a larger space to create a more relaxed environment. The expansion will mean the store is less crowded during peak hours and provide people a place to sit and enjoy the feel of the store.

Increase Product Line

The business sees an opportunity in the sale of rustic furniture in this geographic area. Rustic furniture will be aligned with the other products sold in the store and will be another source of unique products offered. The company has already seen customer demand for these products and it feels it can profit by responding to these needs.

CONCLUSION

The Old Tin Shed has developed a small retail niche. It has been successful doing so because it has a thorough knowledge of its customers and their needs, it provides unique products that have few direct substitutes in the area, and it has aligned its promotion ideally to capture sales during slower times. Although it has used these lessons in its own niche market, they can be applied and are valuable to retailers and businesses of all sizes.