

ENTREPRENEURS

Growing a retail business – slow and steady

Trail Appliances has expanded through a lot of hard work and care on the part of its founders

BY JENNY LEE
VANCOUVER SUN

The way Mike Broderick tells it, the trick to growing Trail Appliances from a two-brother operation to an eight-store B.C. powerhouse was taking a long-term, slow and steady approach — and the trick to that was not having a choice in the matter.

Broderick and his brother Peter came out from Calgary to start a B.C. branch of their father's appliance business in 1980. Their father, Jack, did a lot of rentals, so the boys did the same. They'd sell all day, then hop in the truck and do deliveries at night.

"We could put a washer/dryer in someone's home for less than it cost to go to the laundromat," Broderick said. His customers were transients, students and movie people.

"I guess it gave you a great background for retail. You see people at their worst. All sorts of people ... Sometimes you had to go and get your appliances. I'm five-foot-five and weigh 140 pounds. They knew I wasn't tough. I think that made me a better salesperson because you had to talk your way out of tough circumstances. Oh, there were stories. We did some crazy things back then."

The constraints of their early rental business set the tone for the next 31 years. They had to scrutinize their accounts every single month, and they had to go slow. "The payback on your investment was a long-term payback," said Broderick, president of Trail BC. "You didn't rent [appliances] for very much money."

When Trail began expanding into retail sales, they found a few appliance lines, including Maytag, that just clicked. Maytag was largely distributed through independent retailers so it was a brand Trail could be competitive with, even though they were small.

"In the '80s and early '90s, it was a great company to do business with," Broderick said. "Great products and a great story to tell when you show customers the products."

Broderick's wife did the bookkeeping, Peter's wife babysat both families' kids, six in all. Everyone worked 60-hour weeks and focused on service.

"If we had to go to their home to measure before they'd buy, we did that," Broderick said. "We were so small and nimble,



Mike Broderick, president of Trail Appliances B.C., at the new Rupert Street flagship store.

IAN LINDSAY/PNG

it wasn't even funny. If someone came in and needed a washer right away, my brother would throw it in the back of the truck and off we'd go. At least once or twice, we'd beat the customer home. If they had an issue, they were dealing with us."

When they started hiring delivery staff, the guys soon learned to stem growing pains by following up each delivery with a phone call to customers. Staff received a bonus on positive customer feedback. Negative feedback meant money came out of the bonus pool.

Broderick also knew it was crucial to expand.

"If you don't buy right in this

business, you can't sell right," he said. Brands were becoming more widely distributed, and in order to compete with heavy hitters such as the big box stores, electronics chains and department stores, Trail needed the discounts that come with large orders.

Broderick took out a loan to open a store in Coquitlam. "It was the first time we ever purchased a building," he said. "We were managing two locations. My brother went up to Coquitlam and I stayed in Richmond."

From then on, Trail grew largely through acquisition, making good use of existing customer bases and trained

staff. "It was also one less competitor when you went into a territory," Broderick said. "There were independents that were just ready to get out of the business."

The family lived sensibly, plowed profits back into the business, and always borrowed less than the bank was willing to lend.

When they grew to five Lower Mainland locations, sales soared.

They'd reached the critical mass they needed. "If you looked at our growth chart, it was very, very slow, then all of a sudden it's taken off within the last seven to 10 years," Broderick said.

They opened Kelowna seven years ago, and Victoria five years ago.

"Some of our timing has been very fortunate," Broderick said. He judged Kelowna to be a growing market, and bought land just before the city boomed.

Similarly, when the recession hit two or three years ago, Trail's retail business suffered, but its builder business remained strong because contracts were still to be delivered.

When retail recovered, the builder side softened.

"We didn't plan it that way," Broderick said.

Today, Trail BC sits in the top

one or two spots for total dollar appliance sales in B.C. The company has 250 employees with stores in Richmond, Surrey, Langley, Coquitlam, Kelowna, Victoria and a clearance centre on Annacis Island, and has just opened their most ambitious, 26,000-square-foot store in Vancouver.

"It's another one of those long paybacks," Broderick said. "It's not going to pay back overnight."

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TOURISM

Visits to B.C. down during province's rain-delayed summer

More U.S. visitors, especially those who live nearby, opted to stay home, but tourism officials expect better numbers soon

BY DERRICK PENNER
VANCOUVER SUN

Damp weather was one factor that may have put a damper on out-of-country visits to British Columbia in May, a month that saw the number of tourists landing here dip 1.3 per cent from the same month a year ago, according to figures from Statistics Canada released Tuesday.

British Columbia saw 465,000 tourists from the United States and further abroad enter the province in May compared with 471,000 in the same month a year ago, with the biggest part of the decline coming from more U.S. car travellers staying home.

Some 199,000 Americans drove to B.C. destinations in May, down 6.5 per cent from May of last year, with the biggest decline coming in same-day visitors — those who crossed the border but didn't spend the night in B.C.

That decline was offset somewhat by an increase in U.S. visitors who arrived from further away, but the 345,000 Americans who landed in B.C. in May was still a two-per-cent decline from the previous year.

"[That] is probably not a surprise given the U.S. economy is still struggling," said Walt Judas, vice-president of marketing an communications for Tourism Vancouver.

He added that Tourism



GLENN BAGLO/PNG FILES

Dreary summer weather may have kept tourists away in May. Same-day visits to British Columbia

Vancouver has not received its own figures for May visitation to Metro Vancouver, but his impression is that they will wind up being relatively flat compared with May 2010.

"There are lots of other

factors that influence whether people visit or not. The dollar [exchange rate] plays a role, weather can play a role. It's hard to pick any one specifically."

However, Judas added that

forecasts for poor weather can discourage potential visitors from within the region from making weekend getaways to Vancouver or other close destinations.

"People from long-haul

markets may pay attention to weather forecasts in terms of what to pack, but [bad weather] won't cause cancellations," Judas said.

Whistler also experienced some weakness in May visitor numbers, according to Breton Murphy, senior manager of communications for Tourism Whistler.

"For us, when you look at the months of the year, typically May is one of the more quiet months of the year," Murphy added, with visitation dominated by travellers from the regional market, the customers who can be dissuaded by factors such as inclement weather.

However, officials in both Vancouver and Whistler have noticed signs of better tourism business since May and are hopeful for stronger visitor numbers later in the summer.

Murphy said June was already better for Whistler and forward bookings through August have tourism officials forecasting that they will finish the summer season higher than 2010.

Judas added that the city is looking forward to some particularly big events in August, such as the SIGGRAPH convention for specialists in computer graphics and interactive technology, which is expected to draw 20,000 delegates to the city.

"So business is picking up," Judas said. "It's certainly not booming [now], but it is pretty steady."

Poor weather has made it a tough go, however, for operators in weather-dependent activities.

Gerry O'Neil, president of Stanley Park Horse-Drawn Tours, said his business is down 10 to 15 per cent largely because of the weather.

"We still have a certain number of people going through the park and clients who pre-book, so we do okay," O'Neil said. "But the wild card is the weather, and this year it's been a terrible year for us."

The figures released by Statistics Canada for B.C. represented tourists who entered into Canada through the province, but does not capture tourists who may have landed in other provinces and travelled to B.C. destinations.

Nationally, Canada saw 1.97 million visitors from the U.S. and abroad enter into the country, which is slightly below the two million who visited in May of 2010.

The number of Canadians travelling abroad in May, however, increased 12 per cent to 4.9 million compared with the same month a year ago, with 4.2 million of those trips being to the U.S.

Same-day trips to the U.S. showed the biggest growth, up 20 per cent to 2.4 million compared with the same month a year ago.

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