

Retail is largely about volume, and the amount of product a given store can move depends heavily on the size of the market it serves. But conversely, high volume doesn't guarantee profit, and a large local market doesn't guarantee success.

Regardless of the size or scale of a musical instrument retail store, qualities like creativity, adaptability, organization, and forethought are critical to the survival and success of any operation – perhaps even more so for those stores loyally serving smaller markets. After all, in most cases, they're competing with the same encroaching forces as their counterparts in the big centres – increasing competition from online outlets and cross-border shopping, shrinking margins, and homogenization on the back of chain stores and big-box retailers moving into the MI market. And then there's the competition from within the industry, striving to keep customers shopping local instead of heading off however many kilometers to the nearest city to take advantage of the often lower pricing that those dealing in larger quantities can offer.

Indeed, it's a challenging time for retail across the board, but especially so for those in smaller markets. So what is it that keeps these retailers – some who've inherited stores from the generations that have preceded them and others who've opened up shop despite some notoriously hostile circumstances – passionate about their work and continually striving to serve their customers?

The answer is the reward that comes with being the go-to musical hub for a community – that comes with bringing the tools and know-how to current and could-be musicians that pushes them forward on their musical journeys and, moreover, their development as individuals.

It's one thing – and no small feat – to get 10 new instruments into 10 people's hands over the course of a day, but it's another to outfit a brand new customer you know by name with an instrument they've saved for by cutting lawns on your street or stocking shelves at the place you buy your groceries. That's a different level of loyalty and responsibility – and one that makes the hurdles and risks of small-town retail more than worthwhile.

"Giving your customer good service is always the key to keeping them coming back. Whether you are in the city or a small community, this is what everyone wants," begins Rick Popiez, the owner of A&R Music in Walkerton, ON – a community of approximately 5,000.

Establishing and developing connections in a community is a key to success, and one of the main reasons that businesses in these smaller centres have been able to keep their heads above the water in recent years as the industry ebbs and flows.

"Most people want to support their local businesses and also want that old school, personalized relationship that comes with the small town shops," says Popiez, who opened his store in 2009 and has seen his inventory and customer base expand steadily since. "Word of mouth works well here for advertising because of this. If someone likes the service and products you provide, the word gets around fast."

Making those same connections in a community is how Bob

Beshara became known as the go-to guy for music in his area – the guy that could find you the guitar you were looking for. It all began back in 1995, when just a few days after acquiring a new guitar for himself, he parted with it at an agreeable price. That soon became a recurring trend for Beshara and, before he knew it, that single sale turned into a decently sized stock of musical products. That's when the now-renowned Class Axe Guitars set up shop to serve its community of Kemptville, ON.



Richard Popiez of A&R Music, Walkerton, ON

"People like that our store has some attitude. A lot of people like that rather than shopping at what I call a box store," Beshara proudly shares. "I would say probably 75 to 80 per cent of our customers will drive from Ottawa [which is 50 km to the north] to do business with us. We're, you know, a little bit of a unique store. We know what we're talking about; we can carry on a conversation with people about guitars and about repairs and that type of thing."

After all, there's a reason Class Axe deems itself Ottawa Valley's "ultimate guitar shop," and they've thrived over the years on the back of that service, now occupying a facility with two floors – the store itself occupying the lower level and a music school operating upstairs.

Tony deMelo, the GM of Sight & Sound in Terrace, BC, agrees that community connections are paramount to success and says one of the advantages of having a company in a town of only 12,000 is the fact he gets to know a lot of his customers on a one-on-one basis.

"I think that's a real asset, and gets us in tune with their needs for their musical instrument, or whatever it is they like to do," he shares.

Established back in 1962, Sight & Sound is celebrating its 55th anniversary this year. As a product of adapting and finding a niche that works in its specific market, in addition to its MI offerings, the store also deals in consumer and home electronics – everything from cell phones and car stereos to photo and imaging equipment. deMelo believes having these complementing wares beneath one roof has not only been beneficial to their operations and success, but also to the community they serve.

"We run the store to be competitive with anyone [in any area]

... and that comes down to people feeling they are getting a great shopping experience," says deMelo, noting much of his customer base is more than willing to make the 45-minute drive to Terrace from nearby Kitimat, BC. He also attracts customers from several of the indigenous communities surrounding Terrace, and even gets regular visits from customers as far away as Prince Rupert, over 150 km east.

Class Axe Guitars and Sight & Sound aren't the only shops that have customers driving in from out of town, though.

Across the country in Bridgewater, NS, Town's End Strings & Things has been the only music store along the south shore of the province for over 20 years. The shop is currently operated by the dynamic duo of Beth Townsend and her daughter, Patricia, and services music lovers in an area that stretches as far as two hours away.



(L-R) Beth, Odin & Patricia Townsend of Town's End Strings & Things, Bridgewater, NS

Good customer service is of course a big driver of new and repeat business, but it isn't the only thing these stores have going for them. Another key to their success is their custom-catered offerings, tailored specifically to the unique individual markets they serve. That could be the rare vintage guitar from decades past sourced through Class Axe Guitars, or the sale of an instrument and the tablet that will teach its new owner how to play it from Sight & Sound. It could be someone finding their creative stride with a top-end keyboard from A&R Music, or a young learner on Nova Scotia's south shore signing up for lessons at Town's End Strings & Things.

But while these four distinct businesses serve unique markets in unique ways, they do share many things in common, and many of those are the challenges they face in their day-to-day operations. Perhaps none is more significant than pricing their merchandise.

"Pricing is always hard. Competing with larger stores in the city can be just as challenging as competing with online sales from non-brick-and-mortar stores," says Popiez.

Beshara echoes the challenge, noting that his shop strives to be competitive with pricing, even with some of the bigger retailers serving the Capital Region. "People will drive an hour to save \$10," he says,

clearly drawing from experience, "so we are absolutely competitive on our pricing."

"We don't just do our own thing [because we serve an isolated market]; you just can't get away with that anymore," deMelo takes over. "Even though we live out in the nosebleeds, our customers are still a lot more conscious of what's happening. A lot of people think you have to go to the larger centres for lower pricing, but the way I try to run this store is, we should be good enough to lift it up, put it down town in the middle of a large centre, open the doors, and still be competitive – not only in terms of price, but also service and the shopping experience. We don't just want to be good enough for our market; we want to be good enough for anywhere, and our customers appreciate that."

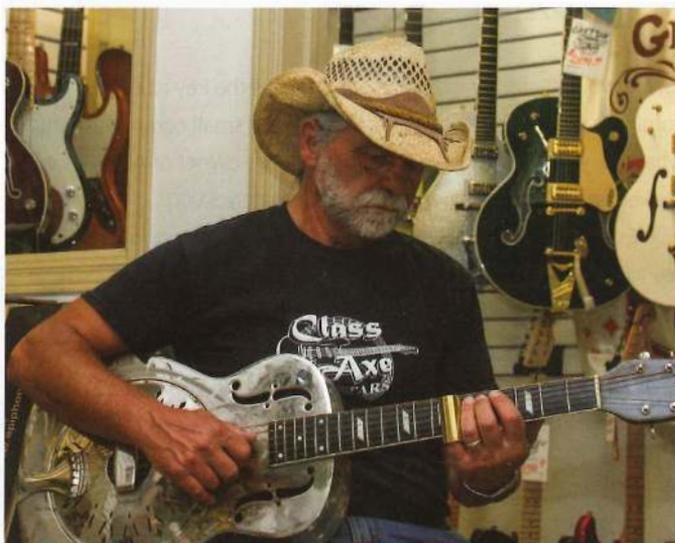
According to deMelo, when it comes to pricing a new item, they'll research the asking price from larger players to get an idea of where they need to be.

Town's End Strings & Things tends to focus on entry-level and more affordable instruments, considering much of its customer base is comprised of young learners. Even still, they keep a close eye on their competition in bigger centres.

"We check online almost daily," says Beth. "The large music stores from one province to another, we always check their prices and always are competitive with them, but then we also have to check Amazon and the U.S. retailers as well."

The competition from the digital domain affects retailers across the board, but particularly retailers like those comprising our panel, who serve customers from longer radii thanks to their not-so-dense rural populations.

Forrester Research, an American market research firm, projects that in 2019, 10 per cent of all Canadian retail spending will be conducted online – up from 6 per cent in 2014. Considering Canadian retail sales totaled \$505 billion in 2014, according to Statistics Canada, that's a significant percentage that almost puts us on par with the U.S.



Bob Beshara of Class Axe Guitars, Kemptville, ON



Tony deMelo of Sight & Sound, Terrace, BC

Of course, Canadian MI retailers have been combating this increased competition for years, but still, through it all, many small-market merchants have weathered the storm and held their ground.

In what could be perceived as either positive or negative, some of our panelists report that even though they've adopted e-commerce solutions for their stores, they haven't had a significant impact on their respective bottom lines. It seems their customers still favour the physical retail experience, which is likely a testament to the store culture and customer experience they've worked so hard to foster in response to that very trend.

Still, deMelo sees the ongoing proliferation of e-commerce as the biggest threat currently facing his business and is working hard to keep competitive. "Let's say they type in the words 'Gibson Les Paul' and do a Google search. We're hoping that we become one of the top sites that pop up, so when they do that, they go, 'Oh, Sight & Sound in Terrace. Gee, that's my home community or right close to me! They click on our site, they see it, they see the price, they do their homework, they go, 'Oh, they're pretty well the same as the big boys; let's just go down the street.'"

Of course, today's digital climate and the technologies surrounding it haven't solely been a cause of hardships; they've also offered retailers a host of valuable tools to boost business and better cater to customers. Social media is a shining example.

"Social media helps as an additional advertising tool. It is also a great way to engage your customers and get them as excited as

you are about new products when released," says Popiez, describing it as something of a hybrid that lets retailers maintain a voice and presence in the online environment while still funneling attention towards the physical store.

As with anything, the results will vary depending on a number of factors. Beshara says that, while his business has been working to bolster their online presence, he hasn't seen many tangible benefits of that, and says that 95 per cent of sales at Class Axe Guitars are generated in store.

Town's End Strings & Things, on the other hand, uses social media as its main source of advertising for their store and services despite not having an e-commerce platform. "It's so nice when people do come in and they say, 'Oh, we saw your ad on Facebook,' and a few different times we've made a few different videos that are probably about 30 seconds long, always with a sense of humor, which we feel is very important, that have interested people," says Townsend.

deMelo and Sight & Sound have seen regular success with their email blasts, maintaining a healthy mailing list and sharing news of incoming products, big sales, and any other relevant information.

"We also on our website have inquiries, so we want to make sure when someone asks us a question, that we're on it and we're replying fairly quickly," deMelo adds. "Again, if they can't get that ideal shopping experience here, they'll just go elsewhere."

In the end, for many retailers, it isn't all about who drives the most traffic or moves the most boxes; it's about the passion that this business inspires, and sharing that with the members of their community, regardless of its size. Offering a quality product, a reasonable and fair price, and exceptional, tailored service is what will bring people back.

In many of these smaller markets, the music store isn't just a hub for the musical community – it's *the* hub, where creative types come to connect with and learn from one another. It's the place where people can talk about bands they're into, new tricks they're trying on their instrument, and in many cases, find a welcome respite from everyday life. That's an important role in any community, let alone a tight-knit small town, and one that each of these retailers admittedly takes very seriously.

For those like Beshara, deMelo, Popiez, and Townsend, supporting local musicians, believing in the arts, and attending events in their community are means to earning loyalty with their customers and improving the quality of life where they live.

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