





DREAMING THE BIG-BOX HOLD

By Don Sadler

**Learn how to combat
competition from
national retail chains.**



For many small independent businesses, it's their worst nightmare: Watching the bulldozers start clearing that huge parcel of commercial land down the street and seeing that dreaded sign go up: Coming Soon: Home Depot!

Over the past two decades, big-box retailers have changed the shape of the retail landscape. The emergence of Wal-Mart, Target, Lowe's and Home Depot, to name just a few, has driven countless small companies out of business. And most of those that have survived have been forced to significantly change the way they operate.

Independent locksmiths are no different. If you aren't facing direct competition from a big-box retailer yet, it's only a matter of time before you do.

REFUSE TO COMPETE

Many locksmiths who have successfully faced down the big-box threat say that the key is relatively simple: Refuse to compete with them in the first place.

"If you're trying to compete with the big boxes, you're going to lose," says ALOA president Ken Kupferman, owner of Affordable Lock in Tampa, Fla. "For them, it's all about price, so we distance ourselves from them by not selling the lower-quality products that they do."

Kupferman points out that some manufacturers sell different quality locks to big boxes and independent locksmiths. However, consumers don't realize this; they compare a name-brand lock from a big box to what appears to be the same lock at a locksmith "and all they see is the price," Kupferman says.

In this situation, "you're not always comparing apples to apples," says Bill Young, past ALOA president and the owner of A1 Security Center in Malvern, Penn. "The Schlage or Kwikset lock sold by a big box isn't necessarily the same one we sell. They manufacture locks that they sell exclusively to the big boxes that are sometimes different from the higher quality ones we sell."

"We don't try to compete with the big boxes," echoes Dallas Brooks, a former ALOA board member and the owner of American Lock and Key in Auburn and Montgomery, Ala. "There's no way an independent locksmith can compete for a customer who is buying one lock off the shelf, so don't bother even trying. A lot of small shop owners I talk to are complaining that they can't survive with a big box down the street from them, but I ask them what they are doing with commercial customers."

FIND YOUR NICHE

Indeed, one of the keys to survival in a big-box world is identifying profitable niches where you can deliver products and services that they can't. Young says his company has evolved from a mainly residential locksmith to a commercial one, with about 85 percent commercial customers now versus only about 15 percent residential and automotive customers.

The locksmiths who are most worried about the big-box threat are one-man operations doing mostly residential work, Young says. "There's no question that the big boxes have made it much harder for independent locksmiths to sell residential locks. So we decided to move into niche markets like commercial, automotive, safes and electronic access control. We've evolved over time as we've had to in order to remain competitive."

Brooks says the trend in the industry is clearly a move toward electronic access control. "This is the only area where our business has been growing over the past several years. I think independent locksmiths should hang their hat here, because the big boxes aren't doing this yet, and the residential and automotive markets are going away."

Richard Ramm, owner of Ramm Access and Lock in Reno, Nev., concurs: "Are you looking ahead to the future of locks? Are you willing to move on to new technologies and leave the big boxes behind? If you don't understand electronic access control and aren't moving into this part of the industry, you'll probably have to shut your doors — because this is where the future is."

SERVICE, SERVICE, SERVICE

Of course, a key competitive advantage for any small independent retailer over big boxes is the independent's ability to deliver a much higher level of customer service.

You've heard the old saying that in real estate, it's all about location, location and location? Well, in retail, "it's service,

service, service,” says Shilpa Rosenberry, a senior retail consultant with WSL Strategic Retail in New York, N.Y. “Many customers have had negative experiences at big boxes, or they just perceive that their service isn’t as good. Independent locksmiths need to use this to their advantage.”

“Big boxes don’t sell service, or security or safety — all they sell is a lock,” Ramm adds. So for independent locksmiths, “it’s all about the service you can provide to your customers. The value a locksmith provides is in things like expert install capabilities and advice in deciding on the best type of locking devices and access control.”

As an example, he notes that most door jams in homes today aren’t drilled completely, making it easy for burglars to slide back deadbolt locks. “A locksmith can reinforce the jam so the door isn’t so easy to kick in.”

The commercial and industrial markets are naturals for independent locksmiths, Brooks says, “because these customers want service and that’s what we have to offer. They don’t tend to nitpick as much, either.” Despite the slowdown in new home construction, Brooks says home-builders have been a good niche for his business. “They may be willing to pay us a little more for materials if they know they’ll get a good install and don’t have to rely on carpenters for it.”

BIG BOX CHALLENGES

In today’s challenging economy, says Rosenberry, “shoppers are prudent and entrenched in looking for value.” The biggest challenge big boxes may present to independent locksmiths is that nearly half of all consumers say they shop at big-box home improvement stores, according to her company’s research.

“They may think they’re getting a better value there, whether it’s true or not,” Rosenberry says. “And they may like the one-stop shopping convenience offered by

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big-box home improvement stores.” For example, if they’re already in the store, it may be easier to just grab a lock there versus going to a specialty retailer.

“If you’re an independent locksmith, your service proposition has to be clear and your value has to be communicated,” she continues. “Many consumers are tired of super-sized retail and want to support smaller community and family-run businesses but not at the expense of value.”

Also, many people today are looking for more opportunities to save some money by doing it themselves, which is a natural advantage for big boxes. “A do-it-yourselfer is going to go to a big box and we’re never going to get that business,” Kupferman says. “But people who need professional installation and want real security will come to us. That’s the value we promote.”

BUILD SYMBIOTIC RELATIONSHIPS TOGETHER

Bill Young says there are no fewer than four Home Depot and Lowe’s stores within an eight-mile radius of his location, including one just one-half mile down the road, which he decided to check out himself when it first opened.

“They promised a lot of things that never came to fruition,” he says. “For example, they were going to cut the new high-security automotive keys that were becoming popular at the time, but their untrained employees didn’t know how to do it properly, so customers kept bringing the keys back to them. They finally gave up on it and started refer-

ring customers to us for these keys.”

In fact, Young says that the big boxes near him regularly send customers his way when they realize the customers need services they can’t provide. “We’ve found ways to work both around and with them — we have kind of become their go-to. I have even worked on keys for cars in their parking lot!

“Sometimes customers will buy a lock from them and bring it to us to install, and sometimes I’ll even buy a lock from them if I need it quickly,” he continues. “You can have symbiotic relationships like this in our business.”

Kupferman concurs: “The big boxes may refer customers to us whom they can’t serve; after all, they want to help their customers and not leave them hanging.”

At a big box, “you usually have to stand around and wait for someone to cut a key for you,” Ramm adds. “And even then, half the time they don’t do it right.”

Young says that some customers have come into his shop after two or three attempts at a big box to get a key to work properly have failed. “The problem is usually that the big box employees aren’t properly trained or their equipment isn’t calibrated correctly. People know that a key made in our shop will work right the first time.”



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