



CASE STUDY

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Independent Bookstore? Maybe It Wasn't Crazy

THE PROBLEM: A retail market controlled by category killers. But Tim Huggins hankered to make a living with an independent bookstore.

It was 1998. Amazon.com was tearing up the Nasdaq, establishing books as a dot-com category that works. In the bricks-and-mortar world, Barnes & Noble and Borders Books were slaying independent booksellers right and left with economies of scale.

Mr. Huggins, then 30 years old, knew better than to attempt such a long-odds, small-rewards business. His undergraduate degree, after all, was in finance, and he had left Jackson, Miss., to get his M.B.A. at Boston University. But he'd relished his years working at Lemuria Bookstore in Jackson and at the University Press of Mississippi. So when he took a class called Starting New Ventures, he decided to use the opportunity to write a business plan for an independent bookstore.

He couldn't have been more out of step. In a hotbed of high-tech successes, he was looking at the oldest-school retailing sector that was the epitome of economic toast. Even his mild Jackson drawl stood out in the heart of Yankee country. "I was a complete odd-

ball in grad school," he admits.

With his finance background, he decided he would take the leap only if the geography and numbers supported it. "My concern was micro—is a bookstore feasible in this area?" He studied consumer statistics and demographics of book purchasing. He talked to booksellers who sold out. With a business plan in his pocket (he got an A), he used family money (banks weren't interested) to rent an out-of-business fabric store in quaint Newtonville, west of Boston.

Was he out of his mind? Apparently not.

THE SOLUTION: He conceded the price-conscious book buyers to the big chains. He would compete on ambience, service and an eclectic selection. But more importantly, he created a market where none had existed before. He believed, for instance, that people who go out to hear live music might never consider attending an author's reading, and vice versa. So he started the Earful series, in which local musicians perform and touring authors give readings on the same night, drawing a new mix of people to the store.

The Books & Brews nights were a hit, too, with author readings followed by an adjournment to a local bar where the bookstore buys the first round. One event he billed as "Chicken Soup for the Soul Train." He made Newtonville Books, with 1,500 square feet of sales space and 10 employees, an intersection for people with compatible, but different, passions. He turned a profit the second year, and has every year since.

THE LESSON: Finding new connections between people can establish a profitable market that the competition is too big to see, let alone serve.