



RANDY SINER | NMBW

Partner/owners Mike Collins, right, and Earl Potter discovered a gem of a retail model in their Five & Dime shops, especially in 'serious tourist markets.'

Santa Fe's Five & Dime finds niche in nostalgia

BY MEGAN KAMERICK | NMBW SENIOR REPORTER

Visitors to the Five & Dime General Store on Santa Fe Plaza can find bottled water, dental floss and shoe polish. But they can also buy a Beatles lunch box, a Santa Fe T-shirt or a Route 66 road sign.

And therein lies the store's success.

The recession has not been a hindrance to owners Mike Collins and Earl Potter, but an opportunity.

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NOSTALGIA: The Five & Dime investors filed under the name UTBW LLC or 'Used to be Woolworth's'

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The two just opened a store in Charleston, S.C., the seventh Five & Dime location, and have plans for more locations. They are eying sites in Savannah, Ga.; St. Augustine, Fla.; and Myrtle Beach, S.C.

The recession has made it more attractive to expand, Potter said, because landlords are more willing to negotiate. The keys are finding sites with high pedestrian traffic and moving carefully, Potter said.

"Seven locations in 13 years isn't exactly rocket sled results," he added.

With \$10 million in annual revenue, the company has found a niche mixing essential items with nostalgia merchandise. It's a model that works well in what Monette O'Grady calls "serious tourist markets" — where visitors spend two to four days. She's the co-owner of Prime Sites in Florida, which helped Five & Dime find its two most recent locations.

They sell many items you could find in a chain drug store, but it's the nostalgia that makes them stand out, she added.

"People love to go back in time," she said. "It's a fun experience to enjoy, and the thing that really sets them apart."

Souvenirs and nostalgia merchandise make up 40 percent of the company's sales, far more than any other category.

The original Five & Dime also has a snack bar that serves its legendary Frito pie. The company sells 30,000 to 40,000 of them each year.

No other location has a snack bar. The two learned that lesson the hard way when they expanded to San Antonio and added a snack bar there at the Riverwalk location. Potter said they knew after just a few weeks it was a money drain and took it out. Collins continuously reviews the sales track record of the merchandise and adjusts accordingly. The two also keep costs down with just-in-time inventory.

"We tweak constantly, and challenge our productivity on a daily basis," Collins said.

Their mini-empire was born in 1997, when Potter's wife, Deborah, urged her husband to do something to save the site of the old Woolworth's on Santa Fe Plaza. Woolworth's had announced it was closing all its stores.

Potter had already found considerable success as an attorney and the co-owner of Santa Fe Hospitality Co., the managing partner of the Hotel Santa Fe. But he said he's learned over the years to listen to his wife. So he contacted store manager Mike Collins, a 23-year veteran of Woolworth's, and they put together a group of investors, including Deborah Potter, under the name UTBW LLC ("Used to be Woolworth's"). They didn't anticipate the effort would go much beyond saving a slice of an older, more local Santa Fe.

But things went so well, they opened in San Antonio in 2003, although they admit it was a bit scary. The expansion cost

about \$400,000. But they have learned along the way, with costs now running between \$200,000 to \$300,000 to open in a new market. The first San Antonio store is now its most profitable, driven by the 18 million annual visitors to the Riverwalk and the fact that it has little competition, since many of the businesses there are restaurants. They opened a second location on Alamo Plaza in downtown San Antonio.

Branson, Mo., followed in 2005, and San Diego in 2009. The company opened in Monterey early this year. They are often changing the use of a building, from an art gallery or restaurant or retail store, which can prove challenging.

"A big part is to get the landlord to believe in the concept," Potter said.

They have been careful to place people they trust into new stores. Collins' brother, Bob, runs the San Antonio stores. And they placed Joe Pham, a longtime friend and former Woolworth's manager with Collins, in the Charleston store. Deborah Potter is the creative force in the enterprise, designing the website and creating the look of the stores.

The two credit Los Alamos National Bank with helping them finance their expansion.

"They've been incredibly responsive," Potter said. "To have them be what they've been, in the teeth of the recession — they've really encouraged us to do

what we do."

In LANB President & CEO Bill Enloe's mind, UTBW's owners have done just about everything right and he's confident

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they'll continue. They have the ability to assess their markets and control their expenses, he said. And they understand their merchandising. They picked the right niche, Enloe added.

"They're in markets that attract tourists, and they're in locations where tourists are looking for a memento of where they've been," he said. "They're in an economy where people are more frugal, and they offer products that address that."

The company will continue to pursue expansion methodically, Potter said.

"We want to do what the market tells us it will do," he said. "We'll never be to the point where some computer program tells us where to be."