

# **The Grassroots Podcast**

## **Episode 5-Resale Therapy**

Host: Dana Howe

Guests: Megan Frank, Todd Frank & Josh Haring

### **Transcript:**

Dana Howe:

Hey there, it's Dana, your host.

Before we dive into today's episode, let's talk about why we launched the Grassroots podcast. We're all about tackling the big discussions in outdoor specialty retail. And you know what? These conversations should absolutely highlight the good things happening in our industry, among the specialty folks and at our awesome Grassroots member stores. There's a lot of optimism out there and we can't wait to share these inspiring stories with you. Episode five, Resell Therapy, is our first peek into the fantastic things our retailers are up to. And there's a lot more where that came from as the Grassroots podcast continues to build momentum.

Thanks a bunch for tuning in. And now let's kick off the show.

Dana Howe:

Hello and welcome back to the Grassroots podcast presented by the Grassroots Outdoor Alliance.

I'm Dana Howe, your host and Vice President of the Grassroots Outdoor Alliance. And this is episode five, "Resale Therapy", and I'm excited to dive into this topic with two of our retailers who have embraced resale and secondhand as part of their business. They have two totally different models, so I'm excited to hear how they approach resale and secondhand for each of their businesses. I'm also excited to have three people on the podcast today. This is our first time for the Grassroots podcast to have more than one guest, and so it'll be fun to have different voices contributing to the conversation today. So with that, let's start with some introductions. Welcome retailer guests.

Josh, can you tell us a little bit about yourself and your store?

Josh Haring:

Sure. Yeah, Josh Haring. I have worked in outdoor retail for about 22 years and started at The Mountain Air in 2002 in San Luis Obispo and in 2020, three months before the pandemic, my wife and I bought the business from co-founder Wayne Patterson and the rest, I guess, is history. I love the industry. Never thought I'd be in, quote unquote, retail. Don't really still consider retail to this day as much as education and just engaging with customers. Can't imagine a better, more fun job and still consider it every day. Just happy to be going to work at The Mountain Air. We opened up The Switchback, our used gear, new adventure portion of The Mountain Air. It's our sister store and we opened up The Switchback three weeks ago.

Uh, in many ways I'm on opposite ends of the spectrum from Todd and Megan. Uh, but, uh, I'm excited to talk about it today and thanks for having me, Dana.

Dana Howe:

Awesome. Thank you. Thanks for being here. And Todd and Megan, what about you? What's your outdoor retail origin story?

Todd Frank:

I guess I can start since I'm the, uh, the senior member of the club. You know, I grew up in retail, both my parents owned retail businesses when I was a kid. My dad had a Western business. He sold, you know, farm, not farm equipment, but ranch equipment, farm and ranch supply store. My mom had a Western clothing store. So I grew up in retail around the house over dinner, never took a single business class in college. I graduated in geology. After school, I worked summers in geology and then did winter ski shop work because I was a city kid. I didn't want to go to work in a ranch supply store. I didn't know anything about it.

But, I gleaned a lot of information about business from my parents. I did a couple different retail jobs out of college, at bigger box kind of stores, and then my wife got into physical therapy school in Missoula, so we moved back to Missoula from Whitefish.

She went to physical therapy school. I started managing the trailhead, and then we had a couple of kids, and then in May of 2000, just before the biggest wildfire season on record in Montana, I bought the trailhead.

REI opened about two months later, and then we had 9 -11 shortly after that, so it was a little bit of an inauspicious start for me as well. And then we sort of chugged along for most of my career. My daughter Megan and my son Ian were sort of raised in the business. They kind of were up here, spent a lot of time hanging out at the trailhead with my employees. And I used to joke that, you know, they thought they were essentially the same as the employees because I was the boss of them at home and I was the boss of the people at work. So at age three, I think Megan considered herself to be on a complete equal footing with people that work for me. And she was, you know, I think a thorn in the side of the employee that worked for me. And then in 2008, right before the major downturn in the economy, I opened a store in our mall, which I kept for 12 years and closed during the pandemic, when my lease was up. And in 2019, we opened a boating store, which created a huge amount of space in the store. We moved all of our boating out there and then we opened the used section to fill that void of space when Megan got home from college. And she can share a little bit more about that.

Dana Howe:

Megan, welcome. Thank you.

Megan Frank:

I definitely never thought I was going to move back to Missoula, work for my dad, was not in the cards, but I went to school in Canada, graduated 2020, so it was COVID chaos, cross borders, I had no idea what I was doing, and just kind of ended up home because it was the easiest choice at that point. And I was unemployed, so then started working for my dad and we kind of had talked about this used section for a while and I kept bothering him like, oh, you guys should really do this. And one day he's like, you just do it. And so kind of came to fruition. I've started that. Now I'm still there.

Dana Howe:

That's great. So I always like to kick off our conversations on the podcast with a little bit of quick facts. And by the way, I was super jazzed to tackle this topic because personally, I'm a huge fan and consumer of secondhand goods. I'm a regular shopper at our used gear shop here in Chattanooga. It's called Four Bridges, so shout out to Four Bridges. And I'm also a regular re-commercer. I use Poshmark and ThreadUp quite a bit. And I think there's a lot of people like me out there.

So there's a huge opportunity for business and for retailers. And on some level, I think as an industry, who we arguably are inherently caring about the places that we play, we should also care about keeping good used gear in use for longer. Consider buying used first. Yeah, I just

think it's a more conscious way to consume.

I also think, and I know from some stats that I'm going to rattle off to you here, that the national resale marketplace is a happening place. So it is a great opportunity for business. According to the National Association of Resale Professionals, the U.S. secondhand and resale market is forecasted to reach up to \$53 billion by the end of 2023 and double that by 2026. And almost 3/4 of retail executives said they currently offer or are open to providing secondhand goods to their consumers. Finally, 60 % of Gen Z and millennial consumers said they look for items secondhand before buying new. That's just statistics that are scratching the surface. A quick Google search will prove that any secondhand resale is a growing marketplace. There's a lot of information out there and research about this.

With that, let's start with the why, or better yet, kind of the why now. And I want to toss this to Josh first because you're relatively new to the resale secondhand gear business. And so tell us about your particular model for resale and secondhand gear. Let's start there. Why did you decide to do this and how is it working for you?

Josh Haring:

The why is something that my wife, Lindsey, and I had talked about for quite a while, for the past few years. One of the big things we do at Mountain Air is really try to reach out and reach into the community and increase access and awareness to the outdoors. Access here, but access is more than just being able to afford gear. It's also about education around activities outside. So we feel like we do a pretty good job with that education, but it's really the access and the barrier to entry and, hey, how can you buy gear? We serve a lot of customers, especially on the ski side, where those are incredibly expensive sports and hobbies to get into. So access is a really important thing for us, and it's always been. So when we started talking about how we can increase access, one of those really easy ideas to come up with was, hey, we could offer used gear or secondhand gear or get into the resale market.

Why now and why recently, really, while this has been just simmering underneath the surface for a couple of years, and the ideas and just kind of conversations, we really didn't see or look too deeply into that opportunity. We have three kids at home, we're busy running a business on our own. It just seemed like something that was...both risky and just time consuming and not having the bandwidth to be able to do that in our little strip of Shops downtown San Luis Obispo. There was a tanning salon that had been there since 2004 2005 and Time finally ran out on the tanning salon. So we saw an opportunity just two doors down So literally 30 feet away from our front door to open up a used gear component or sister store to The Mountain Air in

about a 1,300 or 1,400 square foot space So it's the same depth as our store, but it's really narrow perfect for eight or nine tanning beds

Dana Howe: And a lot of used gear.

Josh Haring:

Yeah, and we had to figure out a way to make it happen So that accessibility for us was a big one obviously the circularity component and just what's more sustainable than never throwing away gear or never never getting rid of gear. There's a lot of secondhand stores or thrift stores, but the outdoor industry, obviously, we all know is unique because they make good shit that doesn't break and it lasts forever. So, you know, for the most part, you can use it over and over again, you can pass it down for generations. Gear tells stories and gear is important to people, so they keep it around.

Another thing was to just diversify what we do at The Mountain Air. We feel like that diversity in our business, I think, protects us ultimately a little bit in the long run from some of the highs and lows, whether it's, you know, economic or otherwise, having a secondhand or a used gear component to the business, I think, gives us a little bit more stability, which is cool. And then, you know, that location, like I said, just the timing was right. So as we were building out The Switchback and I needed a tool or I needed, you know, an extra set of hands. It wasn't a drive across town. It was just a walk 30 feet into the back ski shop in mountain air to grab the drill and ask someone if they could come help me, you know, hang some grid and things like that. So it just worked out really efficiently for us to move into a space with a really close location to our existing storefront.

Dana Howe:

And you guys have already had your grand opening for the new used shop?

Josh Haring:

Our grand opening is scheduled for the end of September.

Dana Howe: That's exciting.

Josh Haring:

Yeah. So that'll be cool. And it's cool. We really eased into it early on in August and then opened full time three weeks ago. Tomorrow will be three weeks and then. We can get into this, but we are in a college town, Cal Poly, San Luis Obispo, a big college town, and school gets back in late September. So we felt the timing was important for us to really make sure that we were a fairly well-oiled machine in the way that we operated by the time that San Luis had its population back.

Dana Howe:

And how has your model work? You guys aren't consignment, that's correct?

Josh Haring:

We aren't consignment, and we did a bit of research, not just in outdoor, you know, outdoor entities that do the same thing. People tell us all the time, what a great idea, and both Lindsay and I are quick to say, it wasn't our idea. We're not reinventing the wheel here. There were a lot of, whether it's Todd, whether it's other members in the group, Backcountry Essentials, Next Adventure, there's other models, but there's also models outside of just outdoor industry to look at. There's consignment shops, there's secondhand thrift shops in every town that do buybacks and stuff like that. So we thought about it for a while and consignment just sounded like a lot of work. And Todd and Megan may very well prove me wrong on that, but our model is pretty simple. We have specific buyback dates every week, Wednesdays and Saturdays, and when you go to the website, [theswitchback.com](http://theswitchback.com), you sign up for your buyback day. When you sign up for your time slot, the 15 -minute time slots, you will be able to check out the link.

We have a shared document of what items we're currently buying, what items we're not buying, and what items we're never buying, and that is both for gear and apparel. So you have a very clear idea and expectation of what's we will be accepting at your buyback appointment and then also the rules that we give you give you for those buybacks items must be clean no rips tears things like that you know skis have to be of a certain age or grip lock compatible or whatever parameters we want to put on something so that we are getting quality gear and that we are also transparent in that process so one thing we wanted to avoid was just people coming in with bags and bags of stuff and we're not either equipped to take that or really it's just a lot of you know junk or doesn't have a lot of value I'm sure Todd has seen people bring in over the years or skis you know straight skis 210 centimeter straight skis and...

Yeah, there's nothing we can do with those. So we wanted to avoid that type of a thing So we will we will look at the gear look at the apparel we will look at the buybacks with the customer and then we will give them a price on every individual item that they bring in and Then at the end we'll offer them store credit for that or they will get a cash price Which is less 20 % less in cash and that store credit can be used immediately at The Switchback or At the mountain air our goal is to bring in gear and price it as As low as we can with really high quality gear and then turn that gear really quickly So by us holding these buyback days by us having lists of what we're accepting not accepting and pretty strict rules We think we're getting really quality Apparel and gear that our customers who already know the mountain air brand can know The Switchback brand and know that they're going to get quality good so

Dana Howe:

Megan and Todd, you guys have a totally different model and it's shared within your same existing Trailhead building. Can you talk to us about your model and tell us how you're managing your resale business?

I'll do a little bit and then I'll let Megan jump in and sort of give you some of the details. But when we opened up the boating store, we moved a lot of big stuff from the downtown store out to a boating store. We had canoe rentals and sail and rafts and a lot of equipment. And so we basically emptied out about half of our basement and well, a lot of space. I mean, it ended up being probably over 1500 square feet total that we essentially just took everything out of. And one of the conversations that I had when I was opening the boat store with my banker was, I said, I'm not concerned about the boat store being able to generate enough sales to make it work. What I'm most concerned about is how am I going to backfill that lost volume at the downtown store because we're essentially removing one of our bigger departments and, and how am I going to do that? And my bankers sort of tapped his foot and said, "yeah, how are you going to do that?" And what are you going to put in there? And I didn't really have any great ideas, you know, for about a year. And that was sort of the time that we went up and visited Megan. You know, when she first started talking about the sort of robust amount of stuff that was turning overused in the Whistler marketplace, because all these people were coming from all over the world to work at Whistler for the year. And they were just, you know, the gear that was selling on Facebook market, and it was a total pain for people to get rid of it. And there was a lot of good stuff. And that's sort of when the idea kind of first she kept percolating it with me. And so, you know, we wanted to fill an empty space within our store, and I was also really committed to making it become part of what we did within our store so that somebody that brought something in and sold it and got credit could immediately go upstairs and spend that credit within the store. And it's similar in that regard to what Josh is able to do because it's 30

feet away as opposed to across town or in another marketplace.

You know, we chose to do consignment because we didn't really have the money to buy all the inventory and it was just, you know, sort of work versus money. And we had people that wanted to do the work and no money, essentially. So, you know, as far as kind of I sort of tasked Megan with, to figure out how to do it, like do some research and figure out how to do it. And then Megan came back with the idea of how to put it together and made that presentation. So you want to at least talk about how you came up with that plan, Megan?

Megan Frank:

Basically, what I did was just look at other more specifically gear shops or like used gear shops and how they did it and sort of dive into their plan of how they did price breakdowns. And most of what I was seeing was consignment.

Dana Howe:

Just a little like market research, essentially.

Megan Frank:

Yeah, I mean, and we had kind of decided on the consignment based model, as Todd said, we didn't really have the money to start buying a bunch of product. Yeah, so I talked to a couple shop owners who had just like a used store, no new section involved, and looked at their price breakdown and really just took the most common breakdown that I had seen off of those folks. So we break it down as you can get more in store credit than in cash. So if we do cash, it's a 50 -50 split for items under \$300 or a 60 -40 split. The consignor getting 60 % in store credit, and then we have a price breakdown. So the more expensive the item is, the higher they'll get back. So 300 to 600 is a 60 -40 split cash or 10 % more for store credit. And then above 600, the consignor gets 70 % or 80 % in store credit. So most of the, like probably 90 % of the items that we have in the shop, will be under that \$300 range. And the majority of folks get store credit as well, which is great. All that money is kind of somewhat staying in the shop. It's pretty funny. A lot of people will be checking someone out and they'll be like, oh, you have \$60 in store credit or rubber. And they're like, oh, free money. And I'm like, yeah, great.

Dana Howe:

Not exactly, but sort of.

Megan Frank:



Yeah, we just had gone with the consignment idea from the beginning. And then I just really dove into as many different places I could find. Yeah, basically looking at their consigner agreement and seeing sort of what that breakdown looked for other folks. And then the nice thing too is the nice stuff really turns over pretty quick, like in a couple of days usually. But if we have something sitting on the floor for a really long time, we've got a 90 day policy. It gets marked down to 20 % off. And then after 120 days, the consigner can come pick it up. If they don't pick it up, we donate it for them. We're not sitting on inventory for a super long time once we're like, oh, wow, that was really not working for us. We have the opportunity, contract that says like yeah we can get rid of it and then we'll donate it to a local non -profit. The goal is to donate it to a local non-profit that's not going to resell it. A lot of what we do is with the school resource center so they're going into high schools and elementary schools.

Dana Howe:

I like that. I really like that this is one it's a place to open it up to accessibility like what Josh alluded to earlier. It's opening up all these sports and getting equipped for all these sports for folks that maybe are priced out of buying things brand new and also it's a little marketing engine right like it's it's new customer acquisition it's getting people in your store. I'm curious for both of you, as a regular consigner I take stuff over to our store just as much as I shop at our store. I'm kind of one of the lazy people that walks in and I have a pile of stuff and I'll let them look through it and while they're looking through it,

I'm shopping in the store, but I really, you know, I kind of don't care. I just, I was already going to get rid of this stuff and it's a great bonus for me. If they happen to take it on consignment, our shop here locally is consignment. And if they don't, I'll just immediately go and donate it somewhere where I know it would be put to good use. Yeah. How, how was it kind of building up the inventory? One for Josh for you to open up your shop and then, you know, Todd and Megan have already kind of touched on that a little bit.

Todd Frank:

So, you know, what we really see as the huge advantage for us is that it's opened our doors back up to that, to the kids. And it almost sounded like, you know, we really had lost over the, over the, the, the career that I've had, you know, since 2000, you know, the, we'd price kids out of coming to the trailhead, the college kids, you know, couldn't walk in and spend \$750 on an Arteryx Gore -Tex shell. But they can come in and find an old, you know, Mountain Harbor shell for, you know, 99 bucks or 50 bucks or whatever, and be totally happy with that or get enough gear to go backpacking with their friend this weekend for \$150 total. So we really feel like we've opened back up the store back up to all those people who we'd sort of priced out that we're

doing deal shopping on steep and cheap or all the other places that, you know, people look for deals now. The other piece of it is that our core customers are who we reached out to first. So when we started accumulating gear to open, we did that for, I don't know, Megan, what, two or three months before we opened, maybe even more. We sent 500 postcards out, about 500 postcards out to our best customers, like our longest term customers and said, hey, we're opening this gear store, you should dig through your closet to see if there's anything in there that you think would be valuable to resell to somebody else. And the response that we got was incredible because we had people bringing in, you know, old Patagonia stuff from the 70s that they'd owned. And they were so thrilled to be able to get it into some new hands. And, you know, the people that shopped with us initially were like, Oh, my God, I haven't seen anything like this forever. And so initially, you know, Megan and Sadie went to sales and thrift stores and the bins, you know, at the Goodwill bins in Spokane. And so we really took a while to get enough inventory, we took everything we could get. And over time, we've gotten way, way more selective about what we take.

And, you know, the staff down there has buying guides, pricing guides, they kind of know what we're doing. And so it's, you know, it seems to work that the cumbersome part, of course, is keeping track of all of it. Because you know, you have you have to check it in and keep track of it until it sells and then when it sells you got to run it and we run a daily report that shows all of the stuff that sold and whether it was a cash sale or whether it was a store credit sale and every day we do store credits and then once a month we do checks so that you know there's some more work that goes into that but we've streamlined it to the point where you know it takes a person what 20 minutes or half an hour in the morning to to go through and issue the store credits from the previous day since it sells and then about an hour or two once a month to go through and do all the checks and we you know show them what sold we you know print a check out and mail it to them once a month and that seems to work pretty well.

Josh Hring:

Yeah you're first just a touch again on the accessibility part, you're really casting a much wider net over not just age demographic but experience demographic for us we knew that we couldn't open with nothing you know nothing so. We started hosting buyback days before we opened our doors. And similarly to Todd and Megan put, put the call out to people via, you know, email and social media. Hey, this is what we're doing. Sign up for buybacks.

Then we also filled some of that space with samples that we had bought from reps. So samples were, I was a little bit torn initially, but, uh, I realized for us, because I never wanted to cannibalize or never want to cannibalize what we're doing at The Mountain Air. So brands that we sell as samples at The Switchback are not brands that we sell in line at the mountain air. So

we have strong enough relationships with reps and depending on what reps own their samples, which is a whole other conversation and how much, how cheap you can get those samples for, you know, that's where I was able to try and go in and let reps know what we were doing and see if they'd be willing to sell their samples on the cheap and then we could open up with new samples as well as that used clothing. So we have a sample tag on our items and then a used tag on our items. So used is act, you know, something that was bought back sample is gonna be a brand new product that's never been worn, but you are limited obviously in samples to size runs. So I think to Todd and Megan's point, I'd like to eventually, I think it'd be cool to not really do as many samples. I'm already seeing that and to be able to really control your inventory with just high, nothing but high quality used gear, you know, and having, you know, that control. But early on we did, we definitely needed and it needed to have some samples that build that, but we're closing that gap really quickly every week.

Todd Frank:

We also have done some sample sets. We bought some backpack samples, some rep sets. You know for some of the major brands and these are mostly brands that we do business with upstairs and so it has You know, we also while we could we bought some sets of Patagonia and we have done that for a number of years long before we had the You know gear exchange we were buying Patagonia sample sets and doing a you know once or twice a year sample sale for a week or two and so that was something we had kind of cultured that business a little bit and so we would do that we know now we would have like a week long sample sale where we put Them all out and then we pull them all off the floor and put them in the back and then we'd feed them out Just a few at a time. So like the gear exchange manager now would go back and go, gosh, we don't really have many men's shirts in right now, and he might go back and grab a half a dozen, you know, Patagonia t-shirts and shirts and just kind of feed them into the rack just a few at a time. So we didn't overwhelm it, but it's, you know, it is easy to have too much. And I think we, you know, we definitely, if you had talked to my buyers upstairs, we definitely did cannibalize some. And so we're trying to find that balance of the right amount of that. But it does, you know, it does create that little bit of sense of discovery. And, you know, particularly during COVID when those Patagonia sample sets, you know, like, 30 % of the stuff never even got built right there were the lines were getting edited so much that you know literally that piece was one of eight ever made and So for our you know, the hardcore Patagonia people They were all over that like they were in picking through that stuff, you know, like You know it was and it was really fun for people to do that So I think I think that sense of discovery and the continual coming back at the store

You know to your point Dana about this marketing engine that it becomes That's a really important component for us is to have have those return customers to come in and even for visiting people that are That are from other places, you know, they come in and they wander around our store upstairs Then we're like, oh we have this use section downstairs you know, and their eyes get big and they're like, oh man, we don't have anything like this where we're from. And, you know, they come up with armloads of stuff that they're just, they're thrilled about getting when they're in Missoula. So, you know, that's been really fun. I mean, that part of it is, it just created a different kind of energy in our store that was really lacking.

Dana Howe:

I think the other thing that's really interesting, Megan and I talked about this yesterday, is that it's not only a marketing engine for your store and getting new customers in to discover your store, but it's also a little bit of a marketing engine for some of the brands. So Megan was giving me an example of, well, actually I'll just let Megan tell a story about, you know, people discovering a brand and they use it, and then they come back because they loved it so much and then they end up buying it new. And so someone discovers this brand that you already have on your floor. Can you talk a little bit about that?

Megan Frank:

Yeah, sure. Yeah, we were talking about it in relation to Icebreaker, but you know someone Walking upstairs and being like, I really can't spend the money on that Merino wool base layer piece like it's just out of the budget Head downstairs. They find one in their size, you know, maybe it's not the greatest color or whatever, but they're like, oh I'm excited I've wanted one of these this is in my budget and they get it and then they realize like Wow, it is so worth the money to buy these and Once they're in that product and they and they've realized oh Like I love this so much and I'm willing to go back Once this one wears out or I want a second one There's so much more willing to buy a new one because they've been introduced to the product understand Where the value lies in the product and if they can't find it used again They're way more likely to go upstairs and buy it buy it new and I've seen that happen so many times with a bunch of different products and

Yeah, I think it's such a great way to introduce people into those products and really show why they're so expensive and they get to see the value of that product firsthand without maybe having to make that initial huge investment. So it's less of a risk for the consumer too, because they can get it at a cheaper price and then realize they love it or want to go with something different and they're not spending an arm and a leg on it. So I think that's such a great option for our customers as well.

Dana Howe:

I love that. I'm going to get to some of our other questions here. And this is a big one, you know, we are making this podcast for other people to learn from you. We're all about sharing best business practices and learning from each other in this group. And so if, one of your retailer peers was thinking about entering the resale marketplace or you happen to sit by them at lunch at connect and you start talking about your resale business and they're interested. What is the first piece of advice that you would give someone who is heading down this pathway?

Josh Haring:

Yeah, no, I mean, it's funny. I just, this will not be a plug for Shopify. I promise, but we move from retail probe to Shopify. I don't think it's that platforms use that much in GOA. It's incredible and made this transition seamless, but it's also because a couple of our employees are just incredibly into the tech side and very tech savvy. So that transition to Shopify in it'll actually be a year in October. Second will be one year on that Shopify POS. So, POS is a huge part of it. That was definitely a big part of it for us, is making sure that we can do what we want to do, making sure that we can properly categorize our buybacks, and then still have robust reporting on what we've sold, categories, searching, being able to search somebody's buyback history very easily, kind of all the transactions that we could potentially see as an issue or a question a customer might have.

So, I'd say integration to a point of sale would be like number one for me in how to make that happen easily, and then being transparent in your process with your customers, the way that you're going to, the way that you have your model, whether it's like The Switchback or like Megan and Todd and more consignment, just be open and upfront about that right away. And be transparent and tell customers that it's okay to say, yeah, I don't think you're giving me enough for that or no, they're not obligated to take the price that we're offering them. So those two things, POS and transparency and then we're part of the community. So it's not gonna be a one, it's not gonna be a cookie cutter model, the resale model for different retailers, different outdoor retailers, it's gonna be different. You have a different way that you're interacting with your community. So look out into your community and see a model that you think works best for your community. And it's okay to kind of branch out, I think, for us to be in a slightly different location but we have a different logo, a different name, it's a different feel when you come into the shop. So being able to kind of branch out and give the community something a little bit different than what we offered at the Mountain Air was important for us.

Todd Frank:

Josh can I get it just ask a follow -up question. Do you are your two systems integrated together? So a customer can use credit at both stores:

Josh Haring:

Correct, yeah The Switchback and The Mountain Air just two separate locations on our POS basically.

Todd Frank:

So to me that was you know that that was the really, you know, my big takeaway was Having it be additive to your business as opposed to being a separate potentially cannibalistic Competitor to your business and you know the comment I made was, you know, do your homework I mean figure out what your community has because I think there are communities out there that have You know good robust secondhand Resale stores already in operation and you know, the strategy may be different in those markets and it is in a market You know like Missoula where we really didn't have. We really didn't have one that was effective. It was really more of a museum than it was a used gear store, which I really was very committed to ours not being that way. I really think you have to sit down and write a business plan for how much business you think you need to do to really be able to make a pencil. I think those are pretty standard things, but don't be afraid of it. I think my big takeaway is it's been so much more competitive to our business outside of the financial part of it. If I take away all the monetary gains we've had, the win for us has been really amazing. I mean, it's just, I think, you know, the community has really supported what we've done. And Missoula is a community that, you know, on the whole, I think, leans that way anyways. But I think that every community that a Grassroots store operates in has that community within whatever community they're in. And I think they'll find you if you do it. And don't be afraid to do it.

Dana Howe:

Let's talk about that. Let's talk about benefits and metrics.

Todd Frank:

Well, you know, like currently, you know, we're up at the trailhead for the year, for the second year. I mean, we had our best year ever last year. We're ahead of that this year. It's year to date, it's 17 % of our gross sales. It's about 8 % of our 8 .5 % of our inventory. So it's our best department inventory to sales ratio in the store. We're running overall, you know, at about a 40 % margin with what we're doing. That's probably slightly overstated because of the way some of the discounting occurs and where that discounting shows up I mean, it's you know that alone like if you could do any one thing that would add 17 % Volume at 40 % margin to your business

without you know without a ton of additional I mean, obviously we have there's additional expense associated with staffing But we're using our same computer system. We're using them. We weren't really You know, we didn't really add I mean, there's more people We really haven't added a whole lot in terms of infrastructure. We had the space. We thankfully have had a number of big box stores a lot of business in our market So we've been able to you know, buy some unique fixturing in terms of for us, especially because it's consignment You know, that's 17 % of my sales that I'm not paying for until it's out the door - and that's not totally true because we do have samples in there. And so, you know, say maybe 6 % of that is stuff that we did actually buy. But the vast majority of it is a product that we're not paying for until it sells. And the vast majority of that is going into store credit, that consumers are coming in and spending more money. And so it's just this churning machine that's really helping our cash flow as well as our sales.

Dana Howe:

What about you, Josh? So what are your initial, initial benefits?

Josh Haring: Yeah, I'll let you know.

Dana Howe: You'll let us know.

Josh Haring:

But initially, you know, margin, maintain margin is, so far, it's pretty cool to see you know, a very high number and and you know, going back to kind of what Todd & Megan were saying about controlling.

You know, if you look at this as a vendor that we don't have to worry about going on closeout or going to be over inventoried or you know, direct, you know, the direct to consumer whatever model you're, you know, your vendor that was up in 2021 and is now down by 50 % and next year is up by 40 like you take that volatility out because you control that so much. So I'm hoping that The Switchback just helps us kind of even out those like ups and downs a little bit. But I mean so far. Yeah, we're seeing a really high maintained margin obviously because it is, you know, different from consignment. So we're seeing that, you know, but it's been so early. I'll let you know.

Dana Howe:

I really like I'd like that you brought that up though because it really is kind of a supplemental thing to business in which you have kind of control over your own domain, right? Like you're not subject to you know seasonality of a brand or a brand that's performing really really well this

season but maybe not so much next season and so it's really kind of a cool aspect to think about.

Josh Haring:

Yeah I think that seasonality and that's one of the first things when I talk to Chris and Erica at Backcountry Essentials about this is that seasonality with for us going into winter making sure that you're buying your winter hard goods at the right time but then you're really tapering that down even in you know December early January heading into summer you know where you're ramping up backpacking and just seeing that seasonality being able to pull those reports will be important for us to see what we're selling. One thing I wanted to say also it's been really cool to elevate employees long -time employees particularly our manager at the Switch back now who'd been at the Mountain Air for years it's been really cool to elevate employees and to have another way to continue to to hire and maintain great employees and great people and just to give employees a sense of Just the larger sense of feeling ownership over something. So that's been really really cool.

Dana Howe: that's actually a really great tie -in to some of the education that we're going to be doing at the show on education day We have a whole section on employee development and there's a ton of research out there about upward mobility and culture maintenance and All that and how that is directly tied to employee retention. And so It's great to hear that it's giving your really great people something to be proud of and to buy in more on your business.

Okay. So we talked about the benefits. We've talked about it being kind of a marketing engine, a great way to kind of embrace some accessibility, new customers. We've talked about metrics. What about risk? What about challenges? What are some things that you would tell your peers to watch out for?

Josh Hring:

I mean, the risks for us are a little bit unknown. Some of my risks, risks or concerns would be, you know, that we just run out of inventory. Yeah, we're in a small town and people that you know, we go through everybody once or twice and then pretty soon there just isn't that steady flow of inventory that we're buying back. But I don't I don't think that'll happen. I think that we always kind of can move, move off of gear or upgrade gear. And it's still very good gear. that's out there also in a college town, I think we'll be okay with that. There's



Maybe some threat to online models and gear trade and things like that though I don't really see that in our are the way that either of us are operating It would not make sense for us to be online with individual pieces that we buy back That would just be such an intense process and we could bring something in and sell it, you know two hours later.

Todd Frank:

I think though, you know the risk of success, you know exists in that if we get to the point where It takes us four hours a day to deal with what sold the previous day because the it's just too cumbersome and we have to sort of rethink our system a little bit there's there's that possibility of having to Rebuild that infrastructure somehow to make it run more efficiently, you know, there's some really good consignment software out there but unfortunately none of it integrates directly with the current software we use which you know, we need to replace and so we'll be looking at replacing our existing software And one of the key components will be making sure that we can integrate in what we're doing I mean, I think that's that's you know, for me infrastructure Keeping infrastructure working is always a risk. I feel like I spend more Time energy and money on it every year just keeping things working I you know, I was worried about running out of product as well Like not having you know, once the same thing once we go through that the 500 best customers bring in the stuff in that they bought in the 1970s But the reality is, you know, Missoula is a place people are moving to and and so it seems like we have had a pretty robust, you know, with regard to that.

Dana Howe:

Yeah, again, I think that there's huge opportunity here. I was in our local resale shop recently and I go in there occasionally, I just kind of shop around and see what's in there. You always have to go if you're looking for something because it is, it's a little bit of a hunt for any kind of secondhand, resale, or thrifting. And I was kind of at a clothing rack and I was shopping through some things and I looked up and a wall that was there was gone and they had expanded into the business that was beside them and... yeah, I don't think you're going to run out of inventory. I think there's just growth there. And so they're taking in more stuff now and I've seen a lot of growth with their business too. And so, yeah, what about you, Megan? What, what are you seeing in terms of risk or challenge?

Megan Frank:

Yeah, honestly, kind of same. I feel like there's not a ton of risk. It's super nice because we don't own any of the products. So if it doesn't work, we're not sitting on it, which was a nice thing to have built in. Really the biggest challenge we face, which isn't really a risk, is just dealing with all

the stuff that doesn't sell. So making sure you have good community partners. And yeah, on our end, there's doesn't seem like there's been much of a risk.

Dana Howe:

We've got to start to kind of close up our comments here. I usually like to go around to our guests and ask for kind of a positive remark about your resale, you know, secondhand business. And that's how we'll close our, we'll close our conversation today. Josh, you want to start?

Josh Haring:

Sure. Always, always optimist. I don't like, I don't like doing anything if it's not fun. And so far, this has been incredibly fun. A little bit of stress thrown in there, but I love our industry. It will continue to evolve. I think this is only going to be a larger part of what we do, but I think that for us to continue to stay open -minded and flexible, trust the younger generation of retailer coming up under us to help us guide kind of where we go in the future, but with great vendor partners, with great community support, I think that the future for The Switchback and the mountain air is really as strong and as bright as ever.

Dana Howe:

A note of optimism from the Trailhead crew.

Todd Frank:

Yeah, I would say that we're going to celebrate our 50th year in business next May. And so I'd like to think that...

Dana Howe:

That's amazing.

Todd Frank:

Yeah, we're pretty happy about that. That's not that I've been around that long, but, but yeah,

and so, you know, when I look at that and think how we've evolved and changed, you know, the one constant throughout all of that has always been that we've worked really hard to try to provide value to the customers who walk through our front door. And that equation has changed over time. You know, there was a period of time in the early 70s or mid 70s where we were the only place you could get things that we sold. And, you know, now most of the products that we sell, you can buy anywhere. And so to me, things like resale have really opened up the door to just being more sensitive to the circular nature of what we do and getting more life out of the things that we do and really helping consumers find better value in the products that we sell. I think the consumer is finding that we're still a valuable resource in their community and as long as we find that place where we provide value for them, there's always gonna be a place for us to be.

And I really look forward to a time where I can be gone more and Megan can be here more and we can have that transition occur. I mean, I'm excited. Yeah, I'm excited. I mean, we're having really great success and I think there's no reason to think it won't continue. So I attribute a lot of it to Megan's youth and energy.

Dana Howe:

Megan, anything you wanna add?

Megan Frank:

Yeah, I mean, I feel like I'm just really excited about being a part of the shop and being able to bring something that I feel is like my own idea and brings a little bit of life into the shop and kind of my own twist. And it's been really fun and I'm super excited about it and can't wait to see where it goes.

Dana Howe:

Yeah, us too. Thank you so much for being here. Megan and Todd, Frank from the Trailhead in Missoula and Josh Haring from the Mountain Air, San Luis Obispo, California. Thank you so much for being here today. This has been the Grassroots Podcast presented by the Grassroots Outdoor Alliance.

Dana Howe:

Thanks a bunch for hanging out with us on Episode 5 of The Grassroots Podcast. You can catch all of our episodes on [Grassrootsoutdoors.com](http://Grassrootsoutdoors.com) and Spotify. Just look for the little blue logo.

Today's superstar guests were Megan Frank and Todd Frank from the Trailhead in Missoula, Montana and Josh Herring from the Mountain Air and The Switchback in San Luis Obispo, California.

You can find them on Instagram at:

[@trailheadgearexchange](#), [@themountainair](#), or [@theswitchbackslo](#)

You can also find them on the web at [trailheadmontana.net](http://trailheadmontana.net), [theswitchback.com](http://theswitchback.com), and [themountainair.com](http://themountainair.com).

We'll include all of today's episode articles, citations, and more guest info in the show notes. Thanks again for listening, and until next time, viva la specialty!