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Halloween tricks delivering year-round treats for local special-effects company

North Vancouver's Thomas FX Group expands into retail and manufacturing to satisfy growing worldwide demand for haunted holiday goods all year round

Andrew Petrozzi

North Vancouver special-effects house Thomas FX Group Inc. has discovered that Halloween-related products are more effective than the bogeyman at scaring off economic downturn demons.

Still active in the film industry, the company has expanded into the retail market with its recently rebranded North Shore store, Halloween 365. It has also secured distribution agreements with several U.S. retail chains for its line of almost 600 Thomas FX products.

"Sales have more than doubled this month compared with last month last year," said CEO John Quee, who operates Thomas FX with wife and company president Betty Thomas Quee. "Overall the business is considerably higher than it was last year. If this keeps up, we're looking at a 50% increase over 2008."

While Quee declined to disclose revenue, he said the company's business initially slowed in early 2008, but returned to profitability by the second half of 2008 and has remained profitable throughout 2009. One of its fastest-growing product lines has been oversized Halloween decor that retailers use to decorate stores.

"It's a question of making sure that you are lean and mean and able to be nimble in a changing economy," he said. "Be nimble in changing markets and have a vertical and horizontal diversification to the company."

The company has four core employees, 14 contractors and adds up to 20 employees seasonally. He recently hired six people and is looking to recruit four more.

According to Quee, the key has been automation of company processes and the outsourcing of corporate functions such as marketing/PR, IT and accounting.

"We don't need to do everything in-house," he said. "This is where the creativity resides."

Thomas FX is now involved in:

- manufacturing;
- global sourcing and distribution;
- film and television production industry sales;
- retail sales; and
- e-commerce.

Quee added that business is spread evenly across all five segments.

He initially joined Thomas FX about eight years ago to reorganize it.

"We were competing against our own customers for work, and then if they got work we would hope they would buy stuff from us.

"We took a step back and decided to stop going to movie sets and get behind our customers to help them get their careers to the next level."

Thomas FX developed biodegradable artificial snow after working with a U.S. biochemical engineer for almost a year and investing an estimated \$1 million in the project.

It has subsequently developed "bio-ash" artificial volcanic ash and fake blood.

The company saw a "rocky road" ahead for the film and TV production industry and wanted to diversify, but its snow product was not enough to attract distributors.

So Quee and Thomas FX met with retailers, attended trade shows and listened to what customers wanted. This led to a rapid extension of its product lines to include costumes and accessories, home and store decorations, make-up, artificial body parts and theatrical contacts.

Quee said it was a natural progression for Thomas FX to sell its products to the public through its retail store and e-commerce site. Its original retail outlet, which was established as a convenience for the film industry, initially sold Halloween fireworks to the public as an extension of its pyrotechnics work for the film industry.

"We have been tinkering with it for a number of years, but it's only in the past four to six months that we have gotten it right," he said. "Our experience from 2008 indicated that there would be a 365-day market for Halloween products and roughly half of our Christmas sales were Halloween products. People buy Halloween products to give as gifts at Christmas."

According to Quee, business is stable throughout the year as unexpected customers such as military personnel and organizations staging disaster-simulation exercises stimulate demand for fake blood, make-up FX, artificial body parts and breakaway glass along with more traditional customers like filmmakers, theatrical groups and Halloween aficionados or "haunters."

Statistics Canada reported in October 2009 that approximately 3.8 million Canadian children were in the prime trick-or-treating age bracket - five to 14 years old - in 2008, the lowest number since 1990.

In October 2007, the Retail Council of Canada reported that Canadians planned to spend \$59 on average on items such as candy, pumpkins, costumes and decorations.

British Columbians led the rest of the country in Halloween spending. They shelled out an estimated \$77 per-capita compared with Albertans (\$66) and Ontarians (\$59).

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But British Columbians spent the least in Canada (\$26) when it came to candy, chocolates and other treats. Albertans spent the most (\$32). Approximately 68% of Canadians planned to participate in at least one Halloween-related activity. •

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