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# Shop Around the Block

## Urban Retailers Take On Unique Challenges in the City

**P**eople typically have opinions about whether they could “make it” in a city like New York or San Francisco. “I would love living in such a busy place! There’s always something new to see and people to meet,” some say. Or, others say, “That sounds terrible. It’s so noisy and crowded, and the traffic is awful!”

Whether city living is your ultimate plan or your worst nightmare, there is one thing that everyone can probably agree on.

Running a retail store in an urban environment creates unique challenges—and requires unique operations practices—that are all just part of the cost of doing business in the city.



*Hardware Retailing* spoke to four retailers in different cities across the United States to find out how they address challenges that are unique to each of their urban spaces, such as maintaining margins despite high operating costs, merchandising a small salesfloor, determining the best product mix for urban dwellers and more.

While the settings certainly differ, we discovered that urban retailers' primary goals don't differ much from their independent counterparts in suburban and rural areas. Urban retailers strive to provide expert customer service to their neighbors, even if there are 7 million of them. Retailers everywhere have an opportunity to learn from these urban operators who run their stores differently out of necessity.

### 18 Blocks Apart

When Nathaniel Garber Schoen was looking to open a second store in Manhattan, he prioritized proximity to his original hardware store so he could easily move between the two locations.

The space he chose is in Chelsea, less than a mile from the original store. Retailers in suburban or rural areas would probably never consider opening a second location so close to their primary store, but for some of Garber Hardware's customers, the stores are a little too far apart.

"If we don't have something in stock here, or if we don't carry it, I tell them we have it at the Greenwich Village store, and instead they say 'Can you have it sent here and I'll come back to get it?'" Schoen says.

The stores are located in two distinct Manhattan neighborhoods—the primary location has been in Greenwich Village since 1884, moving only once in 2003—so the customer bases don't overlap, which was another one of Schoen's considerations in opening a second location.

"The neighborhood needed a hardware store, and this shop is conveniently located, compared to the original store, but it's not so close that I would be poaching my own customers between the two locations," he says.

## Urban vs. Suburban: Gordon's Ace Hardware



Located in downtown Chicago and surrounding neighborhoods, Jeremy Melnick and his father Les own and operate nine stores that span both urban and suburban locations. Because he operates businesses in both types of markets, Melnick offers a unique perspective regarding the difference between doing business in urban versus suburban environments. Here he elaborates on a few of those areas. For more insights from Melnick, visit [TheRedT.com/gordons-ace](http://TheRedT.com/gordons-ace).

### Hiring

"In an urban environment, you have to get new hires in and get them trained to understand the culture of a smaller footprint. You wear more hats when you're working in a smaller store because you still have the same number of customers as you would have in a larger store, but you have to do the work in a much smaller space. You have

to be cross-trained, because you really can't have a paint department manager and an electrical manager standing a few feet apart from your co-workers if you're in a 4,000-square-foot space."

### Permits & Ordinances

"We recently ran a spring event at our suburban location, and we had to get the proper permits and have the health department come out. They were really easy to work with, and we had a very successful event. We did the same event in downtown Chicago last year, and we had to fill out multiple forms, pay several fees and deal with many different health department regulations, even though we're certified to handle food. Being located downtown in a major city makes it very difficult to do business, and I'm sure retailers in New York City and San Francisco face very similar issues."

### Delivery Services

"With the fast-paced environment and younger generation moving into the city right after college, they're definitely tuned to 'click and ship.' Because we have five stores that are in urban communities full of high rises, we do free local deliveries on any order over \$50. We also have inventory coming in every day at one of our stores, so we try to communicate with customers so we can get what they need in 24 hours. We compete by being available for face-to-face help and assistance. If you can't come in or can't carry the product or can't drive, we'll deliver it for you. We have a truck running all over the city seven days a week."



Left: The salesfloor of **Garber Hardware** in Chelsea is just 1,800 square feet, which means the store is tightly packed with merchandise. Right: Store owner **Nathaniel Garber Schoen** and his dog, **Kang**, are well-known in Manhattan, where there are two **Garber Hardware** locations.

### Maintaining a Reputation

Garber Hardware's Chelsea location, which Schoen operates full-time, opened in August 2016. His father, uncle and cousin run the original location in Greenwich Village.

"I'm fortunate that I live pretty much equidistant between the two stores," says Schoen. "Over two or three zip codes in Manhattan, I feel like I know everybody, and they recognize me and my dog."

Because the primary location has been in Greenwich Village for more than 130 years, Garber Hardware is well established and known throughout New York City as a place to find expert advice for home improvement projects.

"Every year that goes by, this business becomes more and more unique," says Schoen, who is the fifth-generation owner of Garber Hardware. "I don't know that there are any businesses in the city that are as old as we are that are still owned and operated by the original family."

The age of New York City's infrastructure is something that contributes to customer needs. Many people find themselves at Garber Hardware for answers when they get stuck on certain home improvement or renovation projects. The old architecture in Manhattan sometimes stumps

professionals who have trouble visualizing a project through an awkward floorplan or need to figure out how to plumb a new bathroom when there is one tap for the whole apartment, says Schoen.

"In New York, every renovation situation is unique because all the spaces are abnormal," he says. "The things we sell aren't manufactured with urban dwellers in mind, so it doesn't necessarily apply out of the box. There are a lot of larger workarounds that people need to do."

Schoen says even simple projects like window insulation are something New Yorkers need to find an alternative solution for, because windows in older townhomes can be odd dimensions that don't match a standard box of window insulation. For these customers, Schoen recommends they buy insulation made for patio doors and have it cut to fit.

"I have licensed professionals who know what they're doing, and they'll still come in and spend 20 minutes just brainstorming what particular issues they have at hand," says Schoen. "They're so thankful for the help, because this could be a \$10,000 install, and they're stuck."

*Continued on Page 42*

# Challenges Urban Retailers Face

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Cost of Doing Business
- 

City Ordinances
- 

Loss Prevention
- 

Parking Access
- 

Salesfloor & Merchandising
- 

Employee Recruitment

## NEW YORK



**Nathaniel Garber Schoen**  
*Owner*  
**Garber Hardware**  
Garber Hardware has been owned and operated in Manhattan by Schoen's family since 1884. They opened their second location in Chelsea in August 2016.



"Obviously, rent is my No. 1 challenge, as it is for any New York City retailer, and that becomes a margin issue. I may be able to charge a little bit more for things, but not to the extent that it makes up for the difference, so I'm operating at a slightly lower margin."



"When we were opening our second store, we needed a store inspection, but they wouldn't inspect the store until we were open. So, we couldn't apply for the certifications we needed until we were cited and fined by the agencies for not having them."



"Merchandising can be a challenge, because we only have an 1,800-square-foot salesfloor in the Chelsea store. We address that by being creative with the way we organize and categorize our products."

## CHICAGO



**Jeremy Melnick**  
*Owner*  
**Gordon's Ace Hardware**  
Gordon's Ace Hardware is a hardware operation with nine store locations in downtown Chicago and surrounding suburban neighborhoods.



"We get a lot of fake money and quick change in the city, and we don't have that problem in our suburban stores. There are just things we deal with on a daily basis with shoplifters and customer interactions in the city that we now understand as normal."



"We have to put a lot more product in a smaller space, so it can get cramped. It's hard to display bulk items, and it's challenging to display grills, patio furniture and Christmas items. In the suburbs, you see bulk-stacked items, but it is more of a challenge in the city."



"One of the biggest categories at our suburban stores is spray paint, and it's illegal for anyone to sell spray paint in the city of Chicago. It's completely crazy, because people living in the city can go online and buy it from Amazon and have it delivered the next day."

## SAN FRANCISCO



**David Karp**  
*Inventory Manager & Assistant Director of Operations*  
**Cole Hardware**  
Owned by the Karp family, there are five Cole Hardware locations in San Francisco and one in Oakland, California.



"There's an ordinance in San Francisco that says all windows need to be visible so people can see into your store. When we took our plans for a new store to the city, we were denied. They told us we had to move a whole wall of fixtures to comply."



"Customers are always saying they wish we had parking. The reality is that every store has some parking, and those options are usually meters and free side streets. Some stores are near paid parking lots, but that's the best we can do in a big city."



"It's challenging to find qualified people who are a good culture fit, will stick around and will deliver the level of customer service that our community expects. Now that we have a store in Oakland, it's even harder to get people to come work in the city."

## SEATTLE



**Willow Yoder**  
*Store Manager*  
**Greenwood Hardware**  
Greenwood Hardware in Seattle opened its doors in 1948, and since then has had three owners. The store caters to apartment and condo dwellers.



"Seattle recently raised the minimum wage to \$15, so it's difficult for us to compete with larger businesses. We aren't required to pay that wage until 2023, but it's pivotal that we are there at the same time as corporate companies to remain competitive."



"In this market, it seems like there are very few people looking for jobs, which creates an interesting dynamic when trying to find the right staff. We also find that someone may have all the skills we need, but maybe doesn't have the right customer service abilities."



"Perfecting product mix is time-consuming. If people are only buying what they need, you're not making money. It's important to have new items, to merchandise well and to move things around so customers have to shop around the store."



Continued from Page 38

This in-the-weeds customer service sets Garber Hardware apart from others, Schoen says. “A client might come to us with a problem, and we might have already solved it for three or four other people. As soon as I get a little more information, I can offer a solution.”

In addition to DIY customers and renovation professionals, Garber Hardware meets the unique needs of customers who work on film, television and stage productions and in art galleries. Chelsea has a large art community, so many of Garber Hardware’s customers are from galleries that cycle through art installations every several weeks.

“I get a lot of people coming in who say, ‘I have a weird question,’” Schoen says. “These galleries can have a standard art installation, and then six weeks later they need to figure out how to hang a 1957 Chevy from the ceiling.”

It’s these unique challenges that Schoen enjoys helping his customers solve. “There is a lot of creative problem-solving in this business, and I think that’s why people come to us.”

#### Concrete Jungle Categories

When he’s buying products, Schoen doesn’t focus as much on specific items as he does on creating a memorable customer experience.



Many of **Garber Hardware’s** customers have second homes outside the city, which helps drive axe sales in the store.

While it’s important to have what your customers are looking for, the people who have a positive interaction are more likely to return.

“We’re really focused on asking what customers need, and if we don’t have it, we can get it in two days,” he says. “Our stock and trade is in our expertise and our customer service. That’s what we sell the most of.”

In addition to focusing on customer service, the store itself isn’t large enough to bring in a lot of extra product. And since the store only opened last August, it hasn’t yet been open through all seasons for Schoen to gauge what kinds of products to bring in for the upcoming summer.

“The Chelsea location has an 1,800-square-foot salesfloor,” he says. “You just have to be creative. If you categorize everything the right way, it will all fit.”

Both store locations have basements that allow for storage of some bulk items, but for Schoen, it’s not cost-effective to have a lot of back stock.

“When you’re dealing with a smaller footprint, you can’t have as many options,” he says. “I try to keep most of my stock on a shelf or on a hook, which means we’re just constantly restocking right off the truck.”

Schoen says his product mix often doesn’t line up with the seasons because customers demand a certain product all year long or because merchandising seasonal items becomes challenging in his small store.

One item that he keeps in stock throughout the year is white Christmas lights. “I deal with a lot of restaurants that light with white lights, so I always have those in stock.”

When it comes to merchandising, Schoen says they are always reorganizing the store to make room for the seasonal products he does sell.

“When the garden products come in to the store in February, I still need to keep snow shovels out, but they’re occupying the space in the front of the store where I keep plants and pots,” he says. “I’m constantly using space that was previously the space of another item. We don’t just need to move one item out of the way. At any given moment, some department is being downsized to make space for the new items, and that process never ends.”

Garber Hardware doesn’t maintain a large lawn and garden supply department because there isn’t demand for it in the city. Schoen says his customers are happy with his selection of terra cotta pots and soil.

“The kinds of hobbies people do on the weekends in the suburbs just don’t happen here in New York,” he says. “I have plenty of people who I see every week for plant food and

things of that nature because they are basically horticulturists, but I don’t have to prepare for that spring rush like retailers in other areas of the country do.”

While customers may not have lawns or gardens in Manhattan, many of Garber Hardware’s customers have vacation homes outside the city.

“New Yorkers leave every weekend in the summer, so while we may be slower on the weekend, we benefit during the week, because no one wants to shop for their vacation homes while they’re actually on vacation,” Schoen says.

Customers who are on their way out of the city stop in for items their vacation homes may need, and it’s not always only staples like lightbulbs. “We have a big collection of axes, because people need them to chop firewood at their weekend destinations,” Schoen says.

Similar to retailers in other markets, Garber Hardware benefits from big-weather events,

like snowstorms, but only if they are consistent throughout the season.

“This winter, we sold one pallet of ice melt because we had one storm at the end of the season,” says Schoen. “I had that pallet on hand since October.”

Schoen keeps his product mix interesting by buying what stands out to him in his catalogs. He expects his customers will have the same kind of impulse reaction to those unexpected products.

“We stand out for having some esoteric stuff,” he says. “I would like to think that most people who spend more than a few minutes in the store walk out with something they didn’t plan to buy.”

One of the most unique impulse items that his customers can’t get enough of is horseshoes. He merchandises them on the service counter, and customers often call attention to them. “They all ask the same thing: ‘Do people really buy these?’ And I say, ‘That’s a fresh box. I sell 48 horseshoes a month.’”

## Creatively Differentiating: Cole Hardware



David Karp and his family run five stores in the San Francisco area, and one store right outside the city in Oakland, California. In an era where Amazon and other online retailers are the preferred vendor for many millennials and city dwellers, Karp understands the importance of differentiating his business to drive foot traffic to his stores and keep his customers coming back. Here are a few examples of how Cole Hardware stays on San Francisco residents’ radars. Read more about the business at [TheRedT.com/cole-hardware](http://TheRedT.com/cole-hardware).

#### Family and Friends Referral Program

“Some of our most successful hiring is done through our refer a friend or family member program. If you refer friends or family for a job opening and they

get hired, you get a bonus. If they’re still with us in six months, you get another bonus, and if they’re still with us after one year, you get a third bonus. It’s a good way to find valuable employees, and a nice perk for our current employees.”

#### Private-Label Products

“We sell private-label wine and donate cases of it to community groups that are having events or auctions. Once a month we also have a happy hour in the store where we serve wine and our private-label chocolate. During the happy hour, we offer deals like \$10 off a \$20 purchase, or something like that. We’re always trying to do something different and interesting to drive new foot traffic into the stores and make our brand more recognizable, and I think the private labeling and events work well.”

#### Customer Service Via Text Message

“For the past few years, we’ve been using a texting system to communicate with our customers. When people call one of our stores from a cell phone, an automated message will prompt them to push a certain number to text us instead. Then, instead of talking to us over the phone, the customer can text someone on our staff directly. You can send pictures and messages back and forth. It’s been a pretty popular service. It has a lot of potential as a lot of the younger generation becomes part of our customer base.”

### In Support of Passion Projects

Schoen approaches employment quite differently from retailers in rural and suburban stores. Schoen says knowing at the start that the employees you bring in will eventually move on to something else means you will always get good people.

"I only want to hire people who I know I won't get to keep," he says. "The folks I hire are too good to stay with me long term. If you hire someone who is too good for you, they will make your space better."

While Schoen seeks out high-quality employees and prefers to find people with a hardware background, he also focuses on creating an experience his employees can take with them to their next endeavors.

Opportunities for advancement in a small store like Schoen's can be challenging. "I want an employee who will like working for us and will excel, but they're going to take the experience

from working in this store and apply it to bigger and better things," he says. "I bring on people who are actors or artists or musicians, who already have something going on in their lives. They just need a few hours a week to bring in some money while they're working on their passion project."

Schoen says it's nice if his hirees have some experience or knowledge in the industry, but the right person needs to know customer service. "It's not just working in retail. It's a little more demanding," he says. "My customers want to be taken to the product, and they have questions about it, even if it's just lightbulbs."

Finding the right employee who matches up with the store's needs can leave Schoen short-handed sometimes, but he says waiting for a good match is worth extra work on his part.

"I'd rather work a seven-day week for a few weeks and find the right person for the job who can meet customers' expectations," he says.

## Connecting With the Urban Community: Greenwood Hardware



Willow Yoder manages Greenwood Hardware in Seattle. While there are many aspects that make the store successful, one important element that keeps customers coming back is the company's relationship with its community. Read below to find out how Greenwood Hardware shines over its competitors by offering the store as a space for community engagement.

### Superior Customer Service

"Competing with online retailers like Amazon is something all retailers have to face right now. We have e-commerce through our co-op, but we are here in the store for advice and a friendly face when customers need personal help with their projects, and I think they really appreciate the in-store experience. Even with all the e-commerce competitors, there's a sense of community surrounding the store that won't go away. Our store is

within a half-mile from big-box stores, small paint shops and lawn and garden stores, so here we have so much competition on every corner. It is highly important that we stand out. With the higher cost of doing business expenses, our prices do have to be a little higher. We have to compensate by giving our customers the best experience we can."

### A Community Hub

"Yes, we are a hardware store. But we are also the community gathering area for our neighborhood. It is an experience to come into the store. We're an information center. When there's something big going on in the community, residents come to the store to find out more about it. Even though we are an inner-city store, there is still a neighborhood feel. We donate a lot to the community. We go to local events, and we promote the city neighborhood association."

### Knowing the Market

"We cater to the inner-city apartment and condo-dwelling residents. Sixty percent or more of our customers are female, and a lot of women come in to the store to do general shopping. We have large housewares and paint departments and do a lot of business in lawn and garden. We specialize in eco-friendly products, and that brings in a lot of residents who want an organic fix to something that's going on in their home. That's a big trend in Seattle."





**Garber Hardware** merchandises seasonal products, like the limited lawn and garden products the store offers, in the display window in the front of the store.

Schoen finds most of his employees through current or former employees or through word of mouth because they understand what kind of personalities make the right fit for the store.

Schoen found one of his employees through a long-time customer who no longer had enough work for all of her employees. Schoen hired him nearly immediately because he was familiar with the store as a former regular customer.

“He was already coming with such a great reference, so it was an easy hiring decision for me to make,” Schoen says.

### Manhattan Mainstay

Schoen says the Greenwich Village store has a good amount of street credibility because it’s been in business for so long.

“If you read New York City local news and see a headline that mentions a venerable New York business, you know what it’s going to say before you even read the article: ‘Such and such business in Manhattan closing after 70 years because of this or that,’” Schoen says. “I take pride in going the opposite direction of that, and it’s super special after so many generations that we’ve been able to adapt to the constantly changing New York City landscape and residency.”

Schoen remembers just 30 years ago when stores like his were union shops with limited hours catering only to trades.

While Garber Hardware’s history is impressive by itself, Schoen takes cues on how he can maintain his success with a new audience using today’s tools.

“We’ve been talking about developing a new marketing strategy for the store,” he says. “We are pretty active on social media.”

Schoen uses social media to interact with the community online in a relaxed, casual way that reflects what people will experience in the stores. “I think we’re all hyperaware of how not relaxed social media is lately. I really wish social media was just pictures of people’s pets, kids and vacations.”

Garber Hardware uses social media to communicate sales and products, but it’s also used to reinforce that the store is a family-owned and -operated business.

“We are fully run as a family business, and if someone has a kid or someone is getting married, we might have to close the store for a few random days, and we are sure to share those changes on social media,” Schoen says.

The lighthearted atmosphere Schoen shares with followers on social media is not much different from what customers will find when they visit either Garber Hardware location.

“We’re serious businesspeople, but it’s never too serious, and social media is fun,” he says. “The most serious we get is when we’re giving friendly advice on regular home improvement projects.” ➡