

2 Years Later: Assessing the Impact of OSH on the Local Retail Scene

By Sophie Braccini

In August of 2005 Orchard Supply Hardware (OSH) opened a store in the Moraga Center. As the project worked its way through the planning and construction process, discussions were often loud and heated. Some argued the big retailer would bring much needed sales tax revenue to Moraga, while others worried it could attract too much out of town traffic and significantly hurt locally owned businesses. OSH, which is part of the Sears Group, owns some seventy-five retail hardware stores in California. The level of investment that OSH brought to Moraga would be of significant concern to any local merchant in the hardware, nursery and hard-goods business. Now, two years later, the presence of OSH has not lead to the closure of any local business, but it's hard to assess the full impact of the store on local business and the community at large.

The Town's primary motivation for approving the Moraga OSH store was the expected positive impact it would have on local finances through local sales taxes. When contacted, Town staff was unable to provide details on tax revenue, and Eric Evensen, OSH's Store Manager, is hesitant to discuss specifics. "I cannot give you a precise figure," explains the manager, "but I can tell you that we have met all our objectives and that we're where we should be. Our commitment to Moraga isn't about to falter."

On the other hand, local Moraga Hardware & Lumber owner Bill Snider has seen erosion in sales volume and customer traffic since the opening of OSH in late August of 2005. Snider states: "Prior to the

opening of OSH, we were continuing to grow at a brisk pace since my purchase of Moraga Hardware & Lumber in April of 2000. Instead of growing the business, we are now focused on maintaining market share, hanging onto our customer base, and customer service. I have been forced to downsize my staff and my ability to give back to the community is now limited.

My most valuable assets are my customers and my employees. I can only hope our customers appreciate the benefits we provide to the communities we serve."

Snider gives every impression he's a fighter who trusts the high level of service his staff provides and the quality of merchandise he sells is making a difference. Across the Way carries moderate to high-end furnishings and accessories for the home and garden: "OSH has had little impact on our lifestyle store," added Snider. He believes this is an encouraging sign local residents value great customer service and high quality products above other transient considerations.

Another local merchant who might have been seriously impacted is Kenny Murakami, owner of Moraga Garden Center. Indeed, Murakami faced a 16% decrease in business the first 2 quarters following OSH's opening. Now, after 2 years of competing with OSH, Kenny has recaptured all of his lost business. "I can't say I'm happy about OSH coming to town," comments the master gardener, "but at the moment, I'm more concerned about the weather than I am about OSH." Murakami believes that his ability to recapture business is the result of OSH's focus

on quick turn over plants, such as inexpensive annuals. Murakami sees himself in the business of making people better gardeners, which emanates from his deep knowledge of plants and the endless variety of what he has to offer.

As for local customers, they seem to be equally opportunistic. Kathy, a mother of two young children reported to prefer shopping at OSH because she can use a shopping cart to sit her children. Nancy, a busy working mother just refuses to go North of Moraga Way and stops at OSH when she's in need of colorful flowers for her garden. Others are avid supporters of the locally owned businesses, "when you want expert advice on plants and vegetables, there is no place like Kenny's," confides Rob, an amateur Moraga gardener. Jennifer, a Moraga resident for 8 years, wouldn't go anywhere else than to Snider's shops: "there's always somebody to give me the expert advice or tip I need and I often go to "Across the Way" for gifts."

Beyond Moraga, the impact of OSH on local retailers is minimal and no other nursery or hardware stores reported any significant loss of business. It is quite understandable when looking at the OSH store's demographics. OSH store customers are roughly 50% Moraga residents, 15% Orinda residents, 20% Lafayette residents, and the rest are contractors that come from further away. This could be a weakness of this store in that it has difficulty reaching customers beyond the Moraga borders. One might wonder if our small suburb can sustain a 33,000 square foot store like OSH.

Other ways local stores contribute to the community are local jobs and contributions to community organizations and non-profits. Evensen's OSH store belongs to a corporate group with a set of established policies and procedures and he sometimes has to wage an uphill battle to be able to contribute to local organizations and events. He was happy last year to have been able to secure a \$1000 grant in plants for the Camino Pablo School garden and his store now supports a local baseball team as well.

On the other hand, locally owned Moraga Hardware & Lumber has had to significantly curtail its once very generous donation policy to local sports teams, all Eagle scout projects, the Moraga Education Foundation, Lamorinda schools, and local charities. "My ability to give back to the community we serve is directly related to the support I receive from our customers. When people support locally owned and operated stores, business owners have the opportunity to give back to the community they belong to and they love to do it!" says Snider, who has lived in Moraga since 1989 and has two children in local school districts. "Locally owned and operated businesses can do more for their community than chain stores owned by publicly traded companies because we are loyal to our community, not a group of shareholders. If we have the community's support, we will give back!"



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