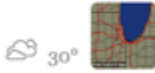


# Chicago Tribune



## Small retailers' big ideas try to cater to holiday shoppers



Tony Egan and his son Jasper, 2, play with marbles at Timeless Toys in the Lincoln Square neighborhood. The store competes with larger rivals with personal service and unique products. (Zbigniew Bzdak, Chicago Tribune)

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Chicago Tribune

DECEMBER 19, 2014, 11:17 AM

**T**imeless Toys, a 20-year-old toy store in Lincoln Square, does not have many of the amenities often found in an "omnichannel" retail world. It does not offer free shipping. It does not do same-day delivery. It does not sell its products online, let alone have a mobile app that pushes personalized deals to customers when it detects they are near.

What Timeless Toys does have is customers, lots of them, streaming in on a weekday morning the week before Christmas to peruse its colorful shelves and seek the advice of co-owner Martha Burrows, who runs the shop with her husband, Harry.

"Our No. 1 seller is books," Burrows said, marveling at the irony that it's the category perhaps most thoroughly co-opted by the virtual world.

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"We have a large selection of books you can chew on," she added, meaning it literally, as she pointed to board books meant for teething infants. "You can't do that digitally."

Small, independent shops are up against formidable forces in the fight for holiday business. Haunted for years by the recession and crippled last year by cold weather that decimated walk-by traffic, they also must compete with larger rivals that have conditioned customers to expect constant discounts and the swift

arrival of packages for free on their doorsteps.

But many small Chicago retailers, and the business districts that represent them, are innovating in their own way to keep the drumbeat of shopping local top of mind, connecting with consumers at a level where they excel more than price: emotion.

In Lincoln Square, holiday decor stokes nostalgia. In Andersonville, a new loyalty program aims to build local pride. In West Town, new shopkeepers find kindred spirits on social media and offer their stores as community gathering spots.

The clouds seem to be parting for small retailers after several years of depressed and wavering confidence. The National Federation of Independent Business' optimism index, meant to gauge how small business owners feel about the economy, ticked up two points in November, the second monthly increase in a row, climbing toward levels it hasn't reached since 2007.

Burrows said she's noticed customers buying pricier products, a sign that business is on the upswing

But it is not without a lot of sweat.

"It's definitely tougher," she said. "You have to up your game."

Timeless Toys is among several Lincoln Square shops that participated in Small Business Saturday, an annual event meant to spotlight small businesses after mass merchants have their big deal day on Black Friday.

The neighborhood around the 4800 block of Lincoln Avenue was chosen by event founder American Express as one of five in the country to receive a "Main Street Makeover." A local designer erected and trimmed a 30-foot Christmas tree, three times the size of the tree usually displayed there, and designed the planters and garlands that wrap around the lampposts.

The subtle touches made a big difference, said Rudy Flores, executive director of the Lincoln Square Ravenswood Chamber of Commerce. The tree-lighting drew a record turnout and shoppers packed the streets and stores, praising the magical, small-town vibe.

"People were saying, 'It reminds me of where I grew up,'" Flores said.

And they spent money. Timeless Toys reported a 16 percent increase in sales on Small Business Saturday from the prior year. Others, such as pet shop Urban Pooch and clothing store Planet Access, saw sales rise 52 percent and 23 percent, respectively, the chamber said.

At Merz Apothecary, sales were up 50 percent for the day, one of the 10 best days in the company's history, said Anthony Qaiyun, president and co-owner of Merz, which was founded in 1875.

Some of the increase was attributed to the expansion of the store, which on Black Friday opened an adjoining storefront that sells mostly men's products and gave the crowded shop room to spread out. But most of the sales jump, he said, was thanks to the enthusiasm of neighbors.

"I was totally blown away by how many people came out," Qaiyun said. "I heard people say it out loud to us, that they'd rather shop local."

Holiday decor doesn't get all the credit for Lincoln Square's flush day, of course.

Employee expertise and hard-to-find items have long given small shops a competitive edge. And they are battling on newer fronts.

Merz is a seller on Amazon and offers free shipping on orders over \$75, having built enough volume to command a discount from carriers. On its busiest shipping day Monday, Merz shipped 1,225 packages, Qaiyun said, assembled by a team of seven guys boxing and packing on the second floor of the store.

"I try to look at it as an advertising expenditure rather than taking a hit on our margin," Qaiyun said of absorbing the shipping costs. "This generates a lot more revenue than one ad."

Timeless Toys roots its business in the expertise of its employees, who are concerned not with the hottest toys but the best toy for a particular child, and hands-on play. Kids — and some adults — can't get enough of the Sands Alive display, an indoor sandbox made of crushed seashells and mineral oil that mold like dough, Burrows said.

In Andersonville, a new loyalty program called LoLo, which stands for Loyal Locals, launched in November.

Shoppers at participating businesses receive 5 percent of their transaction value back in rewards called LoDough, which they can redeem at other participating neighborhood businesses for gift certificates or at special events for LoLo members. They get double rewards the first time they shop at a business they've never been to before.

Members receive monthly newsletters highlighting events in the neighborhood and describing how much money has been spent through LoLo, helping people feel like they are part of a larger movement, said Matthew Simpson, co-founder of LoLo, which debuted in Asheville, N.C., last year.

"It's not an immediate quick fix," Simpson said. "We grow over time crafting true connections and bonds between people." Fourteen Andersonville retailers and 500 shoppers have signed up in the program's first month.

Jessica Hammer, marketing and member services manager at the Andersonville Chamber of Commerce, said she had been exploring loyalty programs for years but hadn't found one that checked all her boxes either as a business promoter or a consumer. When she met Simpson and his co-founder, Clark Harris, at a small business conference, she felt their visions were aligned.

"It's a collaborative program," Hammer said. "You can support all the businesses you love."

There are no special cards or key chain fobs or coupons; the LoLo account is linked to shoppers' regular credit or debit cards. It is free for shoppers, but LoLo takes a small cut of revenues made through the program.

Karen Rose, owner of City Olive, which sells gourmet olive oils and locally made jams and candies, said she hopes to host LoLo member events around visits from olive oil producers.

The loyalty program brings strength in numbers to small operators, who have a hard time keeping up with rapidly changing technology, including Google's changing algorithms, let alone the piles of Amazon boxes, Rose said.

"Many of our customers and fellow merchants are our friends, they're our neighbors," Rose said. "It's not just about getting people in the door, it's about having people return and think locally."

LoLo will offer double rewards at Late-er Night Andersonville on Friday, the neighborhood's long-running late-night shopping event, when stores will be open 6 to 10 p.m. and offer refreshments and other perks. City Olive will have a cellist. The Windy City Gay Men's choir will be caroling as they stroll through the neighborhood.

Along Chicago Avenue in Ukrainian Village, shopkeepers are creating a new indie shopping corridor. But they have to do more than sit and sell in a neighborhood not yet established as a retail destination.

Nicole Everhart, who in April opened Tarnish, sells new and vintage lifestyle items with a motorcycle bent, from stylish retro Biltwell helmets to leather motorcycle jackets to a broad range of jewelry priced \$20 to \$125.

While she has a niche audience that seeks her out, Everhart says she gets her products in front of more eyes by participating in pop-ups in other neighborhoods. She said she typically sells at two pop-ups monthly, which drives marketing and sales.

Everhart also relies heavily on Instagram, the photo-based social media site, to find local makers and small independent designers globally, helping to bring unique pieces to her store. Customers find her on the site, too.

"I think social media allows you to meet people with common interests, goals and aesthetics," Everhart said.

Also in April, a block a way, Kat Neil opened the men's and women's clothing shop Ad-Hoc, but made it more than a shop. In a gallery space at the back of the store, she hosts events about once a month, including art shows with local artists and BYOB painting classes.

"It's about integrating not just your presence as a store but that you're a functioning, useful member of the community," Neil said.

Business has been good, she said, thanks in part to a rebirth of interest in all things local and the fact that she has a unique concept. She keeps no back stock and carries limited runs of each item, receiving shipments of new styles daily to keep the store fresh and to give a sense of exclusivity and urgency, because the item may be gone by tomorrow.

Down the street, Seek Vintage has monthly parties, usually the third Friday of the month, from 7 p.m. to midnight featuring a manicurist, disc jockey, free beer and wine, and a sale. The West Town Chamber of Commerce also holds monthly after-hours events, where more than two dozen businesses along Chicago Avenue offer refreshments and deals until 9 p.m.

"We all stay open late and drink cocktails," Neil said. "Get drunk and shop."