

In Towns Already Hit by Factory Closings, a New Casualty: Retail Jobs

Thousands of workers face unemployment as retailers struggle to adapt to online shopping. But even as e-commerce grows, it isn't absorbing these workers.

By RACHEL ABRAMS and ROBERT GEBELOFF JUNE 25, 2017

JOHNSTOWN, Pa. — Dawn Nasewicz comes from a family of steelworkers, with jobs that once dominated the local economy. She found her niche in retail.

She manages a store, Ooh La La, that sells prom dresses and embroidered jeans at a local mall. But just as the jobs making automobile springs and rail anchors disappeared, local retail jobs are now vanishing.

“I need my income,” said Ms. Nasewicz, who was told her store will close as early as August. “I’m 53. I have no idea what I’m going to do.”

Ms. Nasewicz is another retail casualty, one of tens of thousands of workers facing unemployment nationwide as the industry struggles to adapt to online shopping.

Small cities in the Midwest and Northeast are particularly vulnerable. When major industries left town, retail accounted for a growing share of the job market in places like Johnstown, Decatur, Ill and Saginaw Mich. Now, the work force is getting hit a second time, and there is little to fall back on.

Moreover, while stores in these places are shedding jobs because of e-commerce, e-commerce isn't absorbing these workers. Growth in e-

commerce jobs like marketing and engineering, while strong, is clustered around larger cities far away. Rural counties and small metropolitan areas account for about 23 percent of traditional American retail employment, but they are home to just 13 percent of e-commerce positions.

E-commerce has also fostered a boom in other industries, including warehouses. But most of those jobs are being created in larger metropolitan areas, an analysis of Census Bureau business data shows.

Almost all customer fulfillment centers run by the online shopping behemoth Amazon are in metropolitan areas with more than 250,000 people — close to the bulk of its customers — according to a list of locations compiled by MWPVL International, a logistics consulting firm. An Amazon spokeswoman noted, however, that the company has recently opened warehouses in two distressed cities in larger metropolitan areas, Fall River, Mass., and Joliet, Ill.

The Johnstown metropolitan area, in western Pennsylvania, has lost 19 percent of its retail jobs since 2001, and the future is uncertain. At least a dozen of Ooh La La's neighbors at the mall have closed, and a "Going out of business" banner hangs across the front of the sporting goods store Gander Mountain. "Every time you lose a corner store, every time you lose a restaurant, every time you lose a small clothing store, it detracts from the quality of life, as well as the job loss," said John McGrath, a professor of management at the University of Pittsburgh Johnstown.

This city is perhaps still best known for a flood that ravaged it nearly 130 years ago. After rebuilding, Johnstown eventually became prosperous from its steel and offered a clear path to the middle class. For generations, people could walk out of high school and into a steady factory job.

But today, the area bears the marks of a struggling town. Its population has dwindled, and addiction treatment centers and Dollar Generals stand in place of corner grocers and department stores like Glosser Brothers, once owned by the family of Stephen Miller, President Trump's speechwriter and a policy adviser.

When Mr. Trump spoke about “rusted-out factories scattered like tombstones across the landscape of our nation” in his Inaugural Address, people like Donald Bonk, a local economic development consultant, assumed that Mr. Miller — who grew up in California but spent summers in Johnstown — was writing about the old Bethlehem Steel buildings that still hug long stretches of the Little Conemaugh River.

The county voted overwhelmingly for Mr. Trump, eight years after it helped to elect Barack Obama. (It also voted for Mitt Romney in 2012, but not by as wide a margin.)

Here and in similar towns, when the factory jobs left, a greater share of the work force ended up in retail.

Sometimes that meant big-box retailers like Walmart, which were often blamed for destroying mom-and-pop stores but at least created other jobs for local residents. The damage from e-commerce plays out differently. Digital firms may attract customers from small towns, but they are unlikely to employ them.

Some remaining retailers are straining for solutions.

Randy Clark remembers when his Miller’s Clothing Store, a family-run men’s wear shop, employed twice as many people and sold 20 pairs of pants a day. He knows he needs a website, but attracting digital customers is the least of his concerns. Brands that he sells, like Tommy Bahama and Southern Tide, will not even let him sell their products online, where he would compete with their own e-commerce operations, he says.

So instead, Mr. Clark has focused on the store itself. He renovated the first floor to attract customers from farther away, customers who might have more money to spend and more places to go than Johnstown. He bought new furniture and new floors, installed a coffee machine, and donated old sports coats and corduroy jackets to make room for fresh inventory. He wears a suit and tie to work six days a week, and says he does not own a pair of jeans.

“Not a lot of people dress up anymore,” Mr. Clark said. “If I don’t dress the part, who will?”

Tom Apryle IV takes the opposite approach at his jewelry store.

Metal workers, office clerks and executives — thousands of workers used to stream in and out of the factories here every day. When they got engaged or celebrated anniversaries or just wanted a nice diamond bracelet, they would often go to Apryle's, a jewelry store that Mr. Apryle's great-grandfather opened in 1902.

But fewer people can afford his products now that the good jobs are long gone, and Mr. Apryle has had to make adjustments.

A cash-for-gold sign hangs in the window. He started selling knickknacks on eBay. Eventually, he stopped wearing a tie.

"I might as well be comfortable," Mr. Apryle, 46, said, gesturing to his wrinkled T-shirt and tennis shoes. "There's no one here to impress."

The story of America's Johnstowns is not just the story of retail, or e-commerce, or how men don't buy suits and ties at Miller's the way they used to. It's also about men like Mr. Apryle, who wouldn't even have a place to wear them.

"I was the last generation to see it booming and prosperous, and people were employed," said Mr. Bonk, 53, the economic development consultant, who grew up in Johnstown. "It disappeared in my lifetime."

Just as Johnstown scrambled to adapt to the decline in manufacturing that began a generation ago, local leaders are now looking at how to navigate a future with a much diminished retail economy.

To help revitalize the area, the county hired Mr. Bonk, whose parents ran a corner grocery store here for more than 40 years and made enough money to send him and his brother to college.

Mr. Bonk has returned, determined to make downtown thrive again. But he does not have dreams of bringing back the department stores of his youth. He knows that consumers these days want to spend their money more on experiences than things, and that neighborhood stores are competing against digital upstarts that do not need as many workers and often have far more resources.

As he walks briskly down Main Street, Mr. Bonk points out the new businesses that stand shoulder-to-shoulder with empty storefronts. There is The Vault, a day spa in an old bank building, and the Press Bistro, which, he excitedly points out, has an area for live music.

These places are evidence, he says, that other people are committed to restoring Johnstown.

“They want to see it be a healthy, thriving community, like where they grew up,” he said.

Mr. Bonk is inspired by Pittsburgh, another former steel town that revived its economy by attracting new businesses, including an Amazon distribution center and the fleet of trucks that came with it. But he knows that the Pittsburgh metro area, with a population of 2.4 million, is 17 times as large as Johnstown.

“I’m thinking about what’s next,” he said. “We’re essentially thinking of Johnstown as an economic development laboratory.”

Mr. Bonk isn’t counting on Amazon coming here.

Rachel Abrams reported from Johnstown, Pa., and Robert Gebeloff from New York.