

# Still Standing

**By smartly adapting to ever-changing market forces and regulatory challenges, Hamburg's Lutz Brothers have managed to stay on a roll...for now**

**A**daptability has been the hallmark of the Lutz Brothers' business in Hamburg NY for 37 years. Their path from a leased auto repair shop, to four busy Mobil dealer locations, and back to one modern-day convenience store with car wash, is a story of constant adjustment to unrelenting change.

With impressive dexterity, and plenty of heartburn, David and Jim Lutz have weathered radical shifts in customer preferences, supplier relationships, and public policy.

Located just three miles southwest of the stadium where the Buffalo Bills play – you wouldn't believe the beer sales and restroom usage on game days – the business has had to keep reworking its game plan, like an NFL team.

Jim and Dave have occupied the existing location at the corner of Routes 20 and 75 since 1982, which was then a 3-bay repair garage they leased from Mobil. Three years later, Mobil converted it to a 2-bay shop with retail space for snacks and soft drinks.

Quickly realizing the growth potential, Dave and Jim converted the entire building to a convenience store and moved the auto repair shop into a separate building.

They sold a lot of cigarettes in those days – 30,000 cartons a year. But that was before New York State drastically increased the excise tax to \$4.35 a pack, chasing their customers to nearby tribal smoke shops for "tax-free" product. Today, the store barely tops 3,000 cartons a year, and "I think in five years, we'll be doing zero," Dave predicts.

In the late 1990s, Mobil pushed consolidation among its dealers, wanting fewer dealers operating multiple sites. Determined to survive, the Lutzes borrowed heavily to expand to four dealer locations.

Then, blam! – Exxon acquired Mobil and tripled the rents.



**David Lutz outside Lutz Market in Hamburg NY**

"I was that close to bankruptcy," recalls Dave, daylight barely visible between his outstretched thumb and index finger. "That told us to diversify, and not put all our eggs in one basket."

In 2005, another huge development tested their mettle. Exxon decided to divest its real estate, forcing existing dealers to either vacate or buy their sites – and install all new petroleum infrastructure. Jim and Dave had to sell one location to raise cash to help buy the other three.

In 2006, Lutzes introduced food service by doubling the footprint of the Hamburg store and leasing space to a Dunkin Donuts franchisee. They also built a touch-free car wash behind the store.

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As the profile of the business has evolved, so have customer preferences.

"Now, we're getting more millennials with a different set of requirements," Dave said. "It's about having the right inventory and communicating with them in person and on social media. Kids are looking for an experience."

Amid all the twists and turns, one constant has been the remarkable stability of Lutz Brothers' core staff. Ken, the store manager, has been with them 11 years; Amber, the assistant manager, 14 years; and Dave, one of their original employees, more than 30 years. The secret?

"We like our people," said Dave. "We try to take care of them, and we hope they like us."

In more recent years, Dave and Jim sold one of their remaining locations (Amherst) and leased one out to another operator (West Seneca) so now it's back to operating the original location. Dave runs the store, while Jim runs the car wash.

Looking ahead, one major challenge is that the nearby Kwik



Fill recently expanded, while Speedway just bought the Express Mart down the street. Competing with surrounding sites owned by major regional refiners is a tall order for a single-store independent.

Lutz Market remains profitable, but "our days are numbered," Dave says matter-of-factly.



**Symbolic of the Lutz Brothers' support for worthy community causes in Western New York, this bright blue buffalo statue greets customers near the front door of their Hamburg store. They corraled it by contributing \$5,000 during the 2018 "Herd of Hope" fund-raising campaign benefiting Buffalo's Roswell Park Cancer Center.**

N e w m a n d a t e d costs and product restrictions threatening business survival arrive from Albany seemingly on a daily basis.

The multi-step state minimum wage increases, compounded by the higher "fast food" minimum wage, has been onerous.

Thankfully, the Labor Department's

unworkable employee scheduling rules have been put on hold for the time being.

But now the state is planning to ban plastic bags, place additional taxes and regulations on vaping products, and is considering expanding the Bottle Bill to non-carbonated beverages.

Meanwhile, curve balls come from other, unexpected directions.

Years ago, the Town of Hamburg asked Dave and Jim to install an emergency generator at their home location -- at no cost to the town -- so the gas pumps could stay open in the event of a major power outage. In exchange, the town agreed to buy its fuel from any of the three Mobil stations in Hamburg, two of which were Lutz Brothers locations at the time. Dave and Jim accepted.

Things recently changed, however. "They just put the fuel supply out for bid, and now we are competing against a refinery-owned location, which will make it difficult on price," Dave shared.

Through 37 years of adapting to constant change, the Lutz Brothers have remained as philosophical as they have resilient.

"Everybody has opportunities," says Dave. "The key is recognizing them. Fortunately, we have recognized a lot of opportunities, and we have been successful with them."