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News &



Four \$1 billion movies produced this year by Valley studios, including Universal's PAGE 12



Proposed Ohm Square could deliver architectural pizazz to Warner Center. PAGE 14

UpEd

Loss of the **Export-Import** Bank will hurt Valley firms, VICA chief opines. **PAGE 42**

MAIL TO:

Manufacturer Switched to Sensors

AEROSPACE: Hydra-Electric says customers guided new direction.

By CAROL LAWRENCE Staff Reporter

About 10 years ago, Allen V.C. Davis realized that his company's specialty of making mechanical switches for aircraft was going to be left behind in the aerospace technology race.

The industrial engineer, who founded Burbank switch maker Hydra-Electric Co. in 1948, decided to move into sensors, the new technology for switches, because customers asked him to make the move.

He steered the company into developing its own sensor technology and invested millions of dollars into building the business segment. Davis' foresight is now paying off as sensors drive fast-paced growth for Hydra. The company sells its devices to both commercial and military aircraft manufacturers or to their suppliers.

Bob Guziak, director of the sensor engineering group, and Tim Burmood, director of sales, said while sensors still make up only about one-third of the company's annual revenue, their sales have grown 200 percent every year, and they expect that to keep going.

"This is the largest focused product line for the company because of its potential," Burmood said.

Sales have been enough to justify the investment, he added. "We've met that threshold, and now it's a matter of meeting the on-going demand."

Please see AEROSPACE page 40



Torqued: Worker prepares pressure sensors.



Streetwise: Chad Henderson, general manager at Local Peasant bar, surveys empty sidewalk.

Driven

West-end Ventura Boulevard shops still spin wheels

By KAREN E. KLEIN Staff Reporter

here's a 550,000-square-foot shadow looming over the mom-and-pop retailers of Woodland Hills called the Village

When Westfield Corp. opens its \$350 million outdoor shopping center later this month, connecting its existing Topanga and Promenade malls and bringing 88 new retailers to Warner Center, it aims to draw a huge amount of shopper traffic. And no area is more likely to suffer than the long-neglected westernmost stretch of Ventura Boulevard.

Although it is just two miles west of the new Village, the wide commercial section of Ventura that crisscrosses north of the 101 freeway feels

like a world away. For years, the retail strip has suffered from inadequate parking, sagging façades, dangerously fast vehicle speeds and a lack of basic pedestrian amenities like crosswalks.

Local groups have a ready model for how to improve their section of the boulevard.

When you drive Ventura Boulevard through Sherman Oaks, there's a nice shopping district and traffic is going slow," said Dennis DiBiase, vice chairman of the Woodland Hills-Warner Center Neighborhood Council. Along many sections of the boulevard, such as in Tarzana, merchants have formed business improvement districts to fund attractive median landscaping, creative signage and crosswalks, lending a friendly

Please see REAL ESTATE page 38

SEC Puts Plug In Oil Business

ENERGY: Agency alleges trio's ventures defrauded investors.

By CAROL LAWRENCE Staff Reporter

Deception and losses - rather than oil and gas profits - flowed to investors through an alleged scheme created by a Woodland Hills resident and brought to light last month through a Securities and Exchange Commission investigation.

The commission announced Aug. 27 that it had charged Harrison Schumacher; his wife, Tara; and a former business partner with fraud. Harrison Schumacher was also charged with violating federal law by selling securities as an unregistered broker.

The fraud scheme, as alleged in a civil complaint the commission filed in federal court in Los

Please see ENERGY page 5

Landlord Sells Stores on App

TECHNOLOGY: BlueList uses discounts to boost foot traffic.

By CHAMPAIGN WILLIAMS Staff Reporter

With coupon-clipping from newspapers having seen better days and small shopping centers struggling to compete against e-commerce sites and megamalls, one local retail landlord has developed an app to drive traffic to its tenant stores.

BrightStreet Ventures – a technology affiliate of shopping center developer NewMark Merrill in Woodland Hills - has created BlueList, a mobile app that allows businesses to offer promotional deals to consumers at a daily cost of just 99 cents an offer.

BlueList launched July 4 in the Conejo Valley and so far more than 100 merchants have posted

Please see TECHNOLOGY page 39



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Continued from page 1

The app has been downloaded more than 1,200 times and users have redeemed 675 offers

"If you ever watch the transaction volume in a Starbucks and the amount of people that are literally pulling out and paying from their phones, you instantly understand that this isn't some theoretical future idea, but that consumers look to their phones to make transactions here and now," said Mark Sigal, founder and managing director of BrightStreet. "The beauty of BlueList is it gives the merchant a low-cost, data-driven way to get into the consumers' smartphone."

When shoppers open the free app, offers from merchants in close proximity will pop up on their screens. If customers want to redeem an offer, they go to a location, scan a code from their phone at the register and pay the discounted price.

While online discounts are nothing new – **Groupon Inc.** in Chicago has promoted them for years – now landlords are getting into the game. For NewMark Merrill, which has a portfolio of 80 shopping centers and more than 1,500 tenants in California, Colorado and Illinois, it's a way to drive traffic to their properties.

Tech marketing

In a January report, information technology research company **Gartner Inc.** in Stamford, Conn., estimated mobile commerce will make up 50 percent of all U.S. digital commerce revenue by 2017. The number of consumers using their mobile devices to shop and purchase goods has grown dramatically in the last year, accounting for 22 percent of digital commerce revenue as of January. And as marketers continue to add interactive features to their platforms, tech-intuitive consumers will continue flock to them.

Roy Higgs of Roy Higgs International, a real estate consultancy in Washington, D.C., said he has designed shopping centers for years and that smartphones have caused a revolution in shopping and marketing patterns.

"A somewhat larger or national developer like **Westfield Corp.** has an entire technology department that helps retailers do exactly what NewMark Merrill is doing," he said. "They're on to something, undoubtedly, and I think that they should get that technology out there and pitch to smaller developers."

In fact, that's what NewMark Merrill is doing. To make the app useful beyond its own properties, the company has partnered with other shopping center developers and mall



PHOTO BY DAVID SPRAGUE

Blues: John Hickman of NewMark Merrill, left, and Mark Sigal of BrightStreet with app.

owners including **Regency Centers Corp.** in Los Angeles; **Combined Properties** in Malden, Mass.; **DSB Properties** in Westlake Village; and **Westwood Financial Corp.** in Los Angeles to offer the BlueList app to their tenants throughout Southern California.

Unlike Groupon, which requires businesses to cut their prices in half while taking a percentage of the discounted price, BlueList costs a merchant just 99 cents an offer a day. The store owner can monitor how much they're spending and scale back or change their offers immediately using an online management system.

"The difference between us and some other technology companies is that we built BlueList to help make tenants more successful, not extract revenues from them or potentially threaten their ability to survive," said **John Hickman**, managing director of NewMark Merrill's San Diego division.

"We don't do the transaction between the merchant and the consumer. We have the consumer go to the store and transact directly with the merchant. We're driving traffic to them and introducing them to the consumer, making them more visible. And if they're successful, then we as (the property) owners are more successful."

The app features deals from local boutiques, and regional and national tenants including Coffee Bean & Tea Leaf, Subway, Gold's Gym, Fazio Cleaners, Cold Stone Creamery and Regency Theatres.

Tenants using the app can update or make changes to their deals at any time and view statistics on how each promotion is faring. Some of the most successful promos so far include a \$1 discount from Coffee Bean & Tea Leaf and a buy-one-get-one-free offer from Cold Stone Creamery. So far, Coffee Bean's offer has received 602 clicks and 62 redemptions, a 10.3 percent conversion rate. Cold Stone has fared even better with 371 offer clicks and 65 redemptions – a 17.5 percent conversion rate.

Ken Harrington, owner of Greco's New York Pizzeria at Janss Marketplace in Thousand Oaks, has been posting offers on BlueList since the app launched in July. He said customers have responded to his 10 percent discount on pizza and he likes that he can

measure the impact.

"I can actually see when people come in and redeem the coupon, and I can see if I get a response for that particular type of special as opposed to a different one," Harrington said. "I would consider the amount of redemptions that I have gotten so far to be very promising, considering the small amount I've been spending on the (app)."

Price challenge

With smaller shopping centers struggling in the shadow of large megamalls and e-commerce sites, foot traffic has emerged as a challenge across the industry.

Bob Phibbs, chief executive of consultancy **Retail Doctor** in New York, said BlueList's strategy of going after the value shopper is a decent start, but it won't drive big numbers to the centers

"The problem with retail right now is not that we need to find other ways to get cheap things out there; the problem is you need to get people to pay full price," Phibbs said. "If you want to go after the value shopper, that's great, but to move the serious numbers that malls need I would say it's a drop in the bucket."

Aware of the need to provide shoppers with an experience, NewMark Merrill often hosts concerts and events at some of its larger properties. The developer just held the last show of its summer concert series at Janss Marketplace on Aug. 26, and will be hosting Kids Zone arts and craft events during the remainder of the year.

For BrightStreet, this is just the beginning. The company, founded last year with NewMark Merrill as an investor, has spent north of \$1 million to get the BlueList app up and running. A good portion of that sum went toward marketing the app at partnering shopping centers with door hangers, lawn decorations and large banners at parking lot entrances.

Sigal said the company plans to expand nationwide once BlueList has built a strong presence in California.

In October, the app will launch in the San Fernando Valley and additional areas throughout Los Angeles County. Already, the company has signed up more than 800 tenants from 40 shopping centers outside of its initial Conejo market.

"You have to have a vision of what you look like when you grow up, but you also have to go through adolescence to get there," Sigal said. "At 99 cents per offer per day, for us to become Google-like, we need to tap into the base of some 4 million merchants nationwide – that's how this (BlueList) grows into a billion-dollar business. But first we have to grow into the San Fernando Valley."

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