



GEMMELL'S, SYMONDS ST, AUCKLAND (PHOTO: MICHAEL ANDREW)

The recession will be hard, but old family businesses have been there before



Michael Andrew | Business editor

The true economic turmoil of the Covid-19 downturn is yet to be felt. However, some family operations are old enough to have endured – and survived – many of these types of shocks before.

Every once in a while, at Gemmell's shoe and bag repairer on central Auckland's Symonds St, a customer brings in a 70-year-old pair of shoes.

It's likely a pair boss Arran Gemmell has seen before – a family heirloom that's been brought into the store for care as it's been passed down the generations. Occasionally, the shoes he mends are the same ones his grandfather Bruce worked on in the 1950s.

"A good pair of leather shoes you can't beat, if you look after them the right way, they'll last you a life time," says Gemmell, who along with his younger brother Blair are the fourth generation of the family looking after the store and its longstanding clientele.

"A lot of our clients have been with us since Dad and Granddad. It's a generational thing."

At 95 years old, Gemmell's is a case study in resilience. Set up in 1925 by William Gemmell in its first spot on Karangahape Rd, the little store has stood the test of time, facing every economic shock over the past century with a different generation of the family at the helm. From the great depression, to the second world war, to Rogeromics, globalisation and the demise of New Zealand manufacturing, to the GFC – Gemmell's survived it all, persevering through hard work, versatility and a seemingly perennial demand for shoe repair and leatherwork. Even a [devastating fire](#) that engulfed the building in 2017 wasn't enough to bring about its end.

After rebuilding the store, Arran and Blair took over from their father Ian last year, only for the business to be faced with yet another economic crisis. However, because of how Covid-19 is changing the business community and international travel – two of Gemmell's main markets – it's been an entirely new type of challenge.

"Business was dead after lockdown," Gemmell says. "Foot traffic was down, everyone was working from

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home, wearing slippers and jandals. If you don't wear your work shoes you won't need to fix them will you?"

Other than footwear, a massive part of Gemmell's business is luggage repairs. Before Covid-19 hit, the store had contracts with Air New Zealand, Emirates and other major airlines, and it handled the New Zealand warranty claims for massive global brands like Samsonite and Rimowa. With international travel gone for the foreseeable future, 50% of Gemmell's revenue has gone with it.

"Luggage is done," Gemmell says. "Before lockdown we would have been doing 20 or 30 repairs a day. Now you might get two or three in a week.

"It's a big part of the business that supported a few families. But without the borders open - even if they do open into Aussie - people won't really travel with a suitcase. It might just be an overnight bag, or a backpack or something smaller."



ARRAN GEMMELL (PHOTO: MICHAEL ANDREW)

With such a blow to revenue, the business easily qualified for the initial 12-week wage subsidy and the two-month extension. Gemmell even applied for the government's business loan as a backup to protect the jobs of his 10 workers once the subsidy runs out.

However, he's certainly not pessimistic about the future of the business. After the dearth in April and May, shoe repairs have started to pick up again, allowing more workers to return to the shop. While the luggage trade won't be salvaged anytime soon, he's confident the business will "battle on", drawing inspiration from its long history of surviving economic shocks, particularly the devastating Rogernomics reforms of the 1980s.

"The 1980s, that's what Dad calls his Covid years," he says. "That was the worst time he knew. There were lots of shoe shops and manufacturers on K Road. All of it went overseas. It wiped out everybody small."



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IAN GEMMELL (PHOTO: SUPPLIED)

According to Christine Woods, associate professor in management at the University of Auckland, old family-owned businesses like Gemmells tend to be stolid in times of economic downturns because they're so practised at facing them.

"It's about the purpose of the business, and moving from a short-term perspective that some aspects of corporate businesses tend to have, where you've got shareholders looking for a dividend every quarter. With family ownership, the short term is not the next quarter.

"They've already survived the great depression and the wars. So within that kind of family, institutional DNA there has been this success."

So with New Zealand entering the worse economic crisis since the great depression, how are old, battle-hardened family businesses faring?

Andrew Blackwell, fifth generation co-owner of the 150-year-old Blackwell's department store in Kaiapoi, Canterbury, says while they took a big hit over lockdown, the business has been managing fairly well since.



BLACKWELL'S DEPARTMENT STORE (PHOTO: TONIC DESIGN)

“Because we’ve been around a long time, there are different generations that have handed down a pattern of business,” he says. “So when shocks like earthquakes or Covid come along, it’s not like we’re a new business and haven’t got a history of getting through, because its all happened before, at least for our business anyway.”

Blackwell says the most severe disruptions to the business were the great depression, which struck right after his great great grandfather invested a fortune in a new building, and the Christchurch earthquake that [destroyed it 80 years later](#).

In both cases, Blackwell says it was a case of hunkering down, adapting and trusting in the return of the loyal clientele that a century-old business garners.



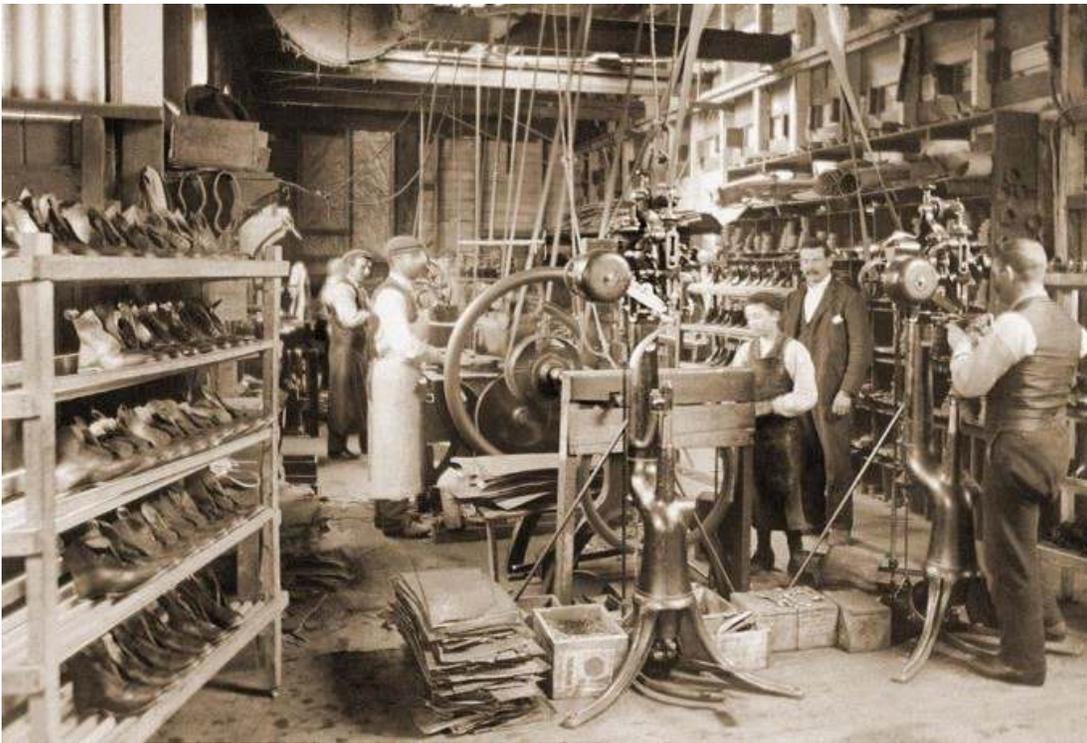
BLACKWELL'S BEFORE DEMOLITION (PHOTO: BLACKWELL'S DEPARTMENT STORE)

“History shows us that you don’t know what’s around the corner so you take advantage of the good times and put a bit away in the bank for the bad times.

“We still have a really loyal customer base supporting us and we’re lucky to have a business in Kaiapoi, which has always been a very tight community. Obviously things have changed with the way people shop, and we didn’t have an online presence before lockdown. In that respect Covid-19 has forced our hand and we’re looking at moving into that space.”

Further south in Dunedin, McKinlays Footwear is also seeing a robust return to normal business, especially with the back-to-school market driving sales.

Founded in 1879, the fifth generation business is the largest – and potentially only – domestic shoe manufacturer left in New Zealand, producing around 130 pairs of shoes a day and employing 18 staff.



(PHOTO: MCKINLAY'S SHOES)

Current owner Graeme McKinlay says while the domestic shoe industry is a shadow of its former 1980 self – which he estimates as once employing 12,000 workers – the business has established a reputable brand that helps it endure downturns like the current one. Because the shoes are New Zealand made with leather sourced from Tasman Tanning in Whanganui, McKinlays too has benefited from a national push to buy local.

“There’s no doubt that the buy New Zealand made push has had an effect. I don’t think we’ll catch up on the two months lost but for this time of year it’s busier than we’ve normally been.”

McKinlay says he joined the business as a teenager 1979, as it was the best thing to do at the time. But how is it that a business continues in one family in the 21st century, when children are afforded more freedom and options to pursue careers? Christine Woods says even today the trend of passing the reins downward continues, with families keen to imbue old businesses and products with new ideas and energy while retaining longstanding values.

She cites the New Zealand Sock Company as a modern example. Founded in 1901, the Ashburton factory was bought by Cip Sparrow and his son Euan in 1980. Euan now serves as the CEO while third generation Gabrielle and Paul work in the management team.

[With a thriving trade, the New Zealand Sock Company is seen as an example of viable domestic](#)

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