

Hospitals Take Preventive Fiscal Measures

MEDICINE: Systems Try to Address Falling Operating Income

■ By JARED WHITLOCK

San Diego hospital systems have reported significant drops in operating income given a whirlwind of financial pressures.

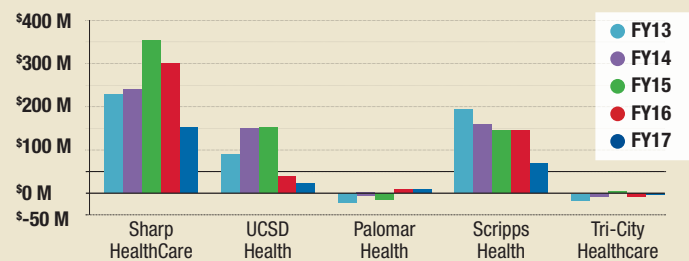
Faced with growing expenses and reimbursement struggles, hospitals have pursued cost-cutting measures, reorganized, sought scale and even announced layoffs.

Far from insolvency, the region's hospital systems are largely bringing in more than they spend, have strong reserves, and a roaring stock market mostly

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S.D. Hospital Operating Income

Operating income — revenue minus expenses — among San Diego-based hospital systems.



Source: Annual hospital financial statements



Photo by Stephen Whalen

Bobby Bellman, owner of the San Diego Comics retail shop on El Cajon Boulevard, presides over a business that blends fantasy with commerce.

Comic Book Stores Must Profit or Perish

RETAIL: Business Realities Loom Large at Hobby-Oriented Shops

■ By EMMET PIERCE

Entrepreneurs who open comic book stores because of their love of

comics quickly learn that they can't succeed if they treat their business like a hobby.

The closure of several comic book shops in San Diego County in recent months hasn't come as a surprise to **Bobby Bellman**, the owner of **San Diego Comics**. Comic shops occupy a business niche in which success often

is measured by the ability to survive, he said. While some shops are profitable, many get by "on a wing and a prayer."

"It's a hard industry," said Bellman, who opened his comic book shop about two years ago. "If you own a comic store, it's because you love it. This is a way to make a living by doing what you like."

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Neuroscience May Belong to the Nimble

MEDICINE: Big Players Bail, But Midsize Cos. Aim for Next Big Thing

■ By JARED WHITLOCK

Amid big pharma's waning commitment to neuroscience disorders like Alzheimer's, San Diego startups and midstage biotechs see opportunity.

Among them: **Neurocrine**. In May, the company released a treatment for tardive dyskinesia, a nervous system disorder that causes uncontrollable stiff, jerky movements in the face and body. A decade in the making, its drug Ingrezza generated

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Kevin Gorman

Pirch Puts Efforts in Its Comfort Zone

RETAIL: Co. Misread Market; New Focus to Be Brands, Customers

■ By RAY HUARD

An overly ambitious rush to expand, confusion over its brand, and costly real estate deals were what caused Pirch — the high-end household furnishings and fixtures company — to close all but its four California showrooms.

"I think we just got a little bit ahead of ourselves," said **Clint Fenn**, Pirch vice president of sales.

Once hailed a standout success in a retail world

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Pirch La Jolla

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9 Health: First Blood Test to Evaluate Concussions Receives Green Light

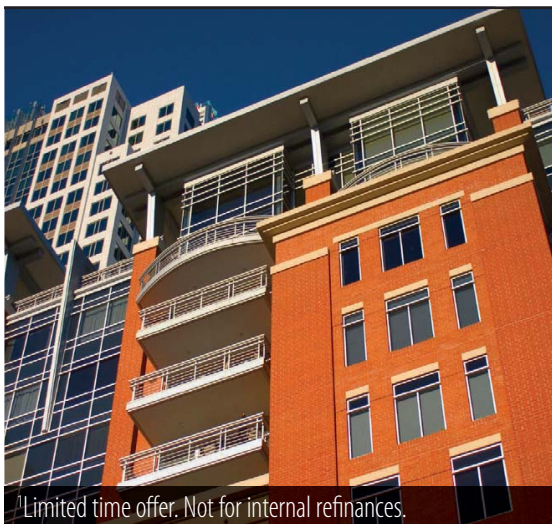


12 Tech: Local Companies at Heart of VR, Seismic Shifts in Sports Viewing



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Comics:

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To stay in business, comic shops must compete with online sellers, which offer comics at lower prices and in digital form. Priced at \$4 and \$5 per issue, comics are pricey, which makes the comic shop business vulnerable to dips in the economy. Comic shop closures are common in communities where multiple stores compete for the same customers. Because the clientele is dominated by adult males, some observers say the stores must attract young readers to ensure their long-term survival.

Books Are the Big Seller

Bellman carries some comic-themed toys and merchandise, but comic books make up 90 percent of his sales. He estimates that business during his second year of operation increased by 10 percent and he thinks his third year will be even better. To keep up the momentum, he has comic book giveaway promotions and makes sure to stock the titles that readers are most likely to buy. Bellman also makes sure his store is a welcoming place, where customers can discuss their hobby with other comics enthusiasts.

The 1,000-square-foot shop on El Cajon Boulevard near 70th Street is filled with colorful posters that feature images of such superheroes as Batman, Black Panther, and Daredevil. A neon sign on the wall spells out the word “comics.”

Fans who visit the store can tell at a glance when new artists have taken over their favorite titles. They can name each member of the “Avengers” or the “Justice League.” They also have strong opinions about which writers create the best stories.

“We love all the customers,” Bellman said. “We know most by first name. We talk with them about the stories and the strange world of comics.”

Demographic Problem

Today’s typical comic shop customer is an adult male, age 18 to 35, said **Dan Gearino**, author of “Comic Shop: The Retail Mavericks Who Gave Us a New Geek Culture.” He says comic book shops are closing in some cities because too many stores are competing to serve the same fan base. To succeed long term, comic shops need to appeal to a younger readership without alienating their adult customers, he added. This is important because the adult readership that dominates the market is at best flat and at worst shrinking, he explained.

Before the rise of the comic book store in the 1970s, comics were sold primarily in places accessible to children, such as drug stores, supermarkets and convenience stores. Today comic shops often are viewed as enclaves for adult males. That image can isolate them from children. For a mother with children in tow, walking into a comic shop can seem intimidating, like stepping into a pool hall, said **Shirrel Rhoades**, a publishing industry veteran who served as the publisher of **Marvel Comics** during the 1990s.

The major comic book houses, such as **Marvel Comics** and **DC**, increasingly are focused on producing comics that can be turned into motion pictures, like “Black Panther” and the Spiderman series, Rhoades said. Comics often are viewed as a testing ground for stories that can be brought to the screen.

Despite their popularity with filmgoers, Bellman holds that comic-themed movies don’t boost comic sales significantly. When the blockbuster film “Black Panther” opened recently, it grossed \$242 million in North America in its first four



Photos by Stephen Whalen

San Diego Comics employee Kenny Boeche catches up on the latest episode of Flash outside the store. His affection for the character is reflected in his attire, a Flash T-shirt.

days. Bellman said he noticed only a very slight bump in business.

Cutting Other Costs

As the home to **Comic-Con International**, the region long has been associated with the comic book culture. Bellman became interested in comics 30 years ago, as a 10-year-old, and never lost his admiration for the fanciful stories or the colorful artwork. While some shops stock pricey collectibles from the 1940s, 1950s, and 1960s, he caters to buyers who enjoy reading current issues.

Since comic book store profits can be marginal, many independent operators try to keep their overheads low. Shops often are located in secondary retail markets, where leases are less expensive. Because comic book orders are non-refundable, success depends on a shop owner’s ability to predict which issues will sell months ahead of time.

The books that don’t sell are placed in bins where they are offered at a discount, Bellman explained. If sellers make too many wrong choices, or if tastes suddenly shift, they can find themselves in financial trouble.

“It’s an interesting business model,” Gearino said. “The defining trait of comic shops is they are buying almost all of their printed material on a nonreturnable basis. There is a high degree of risk. If you buy 30 copies of the latest Batman comic and only sell five, you’re stuck with the excess. At times when there are big swings in popularity, you can get stuck with tons of unsold inventory.”

Recently, comic book stores have closed in Hillcrest, downtown San Diego, Normal Heights, and Mission Valley. In a farewell website note to customers, **Alison Flynn**, owner of the **Villainous Lair** in Normal Heights, said her sales were down throughout 2017. Cutting expenses and boosting promotions hadn’t reversed the trend. In the end, she wrote, the numbers simply didn’t add up for keeping the store open. It closed on Jan. 31.

A Labor of Love

So far, Bellman says his numbers are looking good. Another shop that’s making a go of it is **Yesteryear Comics** on Clairemont Mesa Boulevard, near Ruffin Road. **Michael Cholak** has owned

and operated the business for nearly six years. The small store is “packed to the gills” with comics, but that’s the way Cholak likes it. If it was spacious, it wouldn’t look like a comic book store, he explained.

Like Bellman, Cholak is pursuing a labor of love. He began reading comics at age 10, when his grandmother took him on his first visit to a comic shop. She thought comics would help him improve his reading skills. She was right. They also sparked a lifelong interest in the genre.

“Within a year I went from being two years behind in my reading to two years ahead,” he recalled. “That is what got me into comic books. I realized how important they were. I enjoy the stories. Comic books are uniquely American.”

A Different Approach

While most comic book stores are small operations, **Ed Sandburg** has taken a different approach. His retail chain, **Comics-N-Stuff**, has eight locations in San Diego County and an outlet in Las Vegas. In addition to comic books, his stores are packed with a dizzying array of products, including comics-themed toys, games, and apparel.

“I sell more merchandise than I do comic books,” Sandburg said. “I have something for everybody. I sell Beanie Babies. I sell G.I. Joes. When they were hot, I had yo-yos.”

Unlike most comic shop owners, Sandburg wasn’t drawn to the business because of an affection for comic books. His driving goal was to make money. He said his stores average about 5,000 square feet in size. The main location is on El Cajon Boulevard, near Interstate 8. Sandburg employs about 50 people within San Diego County.

Sandburg started out selling used comics at swap meets in the early 1970s, when he was still a child. He gradually expanded his business to include paperback books, baseball cards, and toys. He opened his first store in Clairemont in 1987. Some of his employees have been with him for 25 years.

Sandburg said that some comic store owners grow so attached to their products that they become reluctant to part with collectible issues. That never happens to him.

“Everything I have is for sale,” he said. “Everything has a price. In order to stay in business, you have to sell stuff.”

The History

While most comic book titles today are aimed at young adults, when comics evolved from Sunday funny papers in the 1930s, children were the primary audience, noted Rhoades, the publishing industry veteran. From the 1930s through the 1950s, comics cost a kid-friendly dime and featured numerous children’s titles, such as “Donald Duck,” “Mickey Mouse,” and “Woody Woodpecker.”

Things slowly began to change in the early 1960s, when Marvel began introducing more serious story lines. Spiderman was an insecure high school student who had to earn money to support his widowed aunt. Members of the Fantastic Four behaved like a dysfunctional family. Ironman suffered from a dangerous heart condition.

When comic book shops began popping up in the 1970s, adult readership was starting to gain steam, said Gearino, the author. Instead of buying their comics from magazine racks, older readers wanted to purchase them from specialty shops to ensure that they wouldn’t miss issues of their favorite titles.

By the 1990s, Rhoades noticed that many adults were reading comics openly. He recalled that when he looked at issues of Marvel Comics during train commutes from downtown New York, he often was approached by adults who wanted to discuss what he was reading.

“What I found interesting was how many executives I would bump into who would say, ‘Is that new “Spiderman”? I used to collect those. I have to get back into that.”

Still a Fan

You can count Bellman among the adults who’ve gotten back into comics. He’s happy that he has found a business that allows him to stay in touch with his inner child. Even though comic shop owners sometimes struggle to make ends meet, they often derive a strong sense of satisfaction from their work, he said.

Gearino agrees. “They choose comics because they love them,” he said.