

We're the Hub of the Universe, but Cincinnati is eating our lunch

After deals to buy Gillette and Filene's, Midwest city half our size is generating buzz

By Robert Gavin, Globe Staff | March 20, 2005

CINCINNATI -- Jean-Robert de Cavel, French born, French trained, and seasoned by seven years as chef de cuisine at Le Regence in New York, thought long and hard before taking a job at a five-star Cincinnati restaurant. When he did, he figured he'd spend three years, five tops, and then make his way back to civilization in New York.

A dozen years later, de Cavel is still here, a successful restaurateur who has opened three restaurants in three years, with a fourth on the way.

"There's something about this place," said de Cavel, 43. "It starts as a destination for a job, and then Cincinnati becomes your home."

De Cavel is one in a long line of people who planned short stopovers in this Midwestern city and ended up staying -- a line reaching back to an English candle maker named William Procter, whose respite from a westbound riverboat eventually led to a partnership with an Irish soap maker, James Gamble. For the better part of two centuries, Cincinnati has won the affections of entrepreneurs and executives with its small-town friendliness, big-city attractions, and central location, convincing them not only to stay, but to keep their companies here, too.

As a result, Cincinnati can claim the nation's sixth-highest concentration of Fortune 500 companies, not to mention a stable and diverse metropolitan economy. Cincinnati has just half the population of Boston, but after Procter & Gamble completes its takeover of Gillette Co., the city once dubbed "Porkopolis" will have as many Fortune 500 headquarters as the self-described "Hub of the Universe" -- 10.

As mergers gobble some of Boston's signature companies, Cincinnati's biggest corporations are out gobbling. Procter & Gamble's acquisition of Gillette will create the world's biggest consumer products company. Federated Department Stores Inc.'s recent purchase of rival May Department Stores Co., which includes Boston's Filene's, means the nation's biggest department store chain is also headquartered in Cincinnati, just a few blocks from P&G.

Another Cincinnati company, Chiquita Brands International Inc., which traces its roots to the 19th-century Boston Fruit Co., later United Fruit Co., is also growing through acquisition, disclosing a month ago it would buy Fresh Express, the California packaged-salad maker.

Add to the lineup Kroger Co., which grew from a single store in downtown Cincinnati to the nation's biggest grocery chain, and this city along the Ohio River may boast the nation's premier consumer products cluster.

The big deals by its big corporations are bringing new attention to Cincinnati, a city of about 330,000 which has more often been an object of ridicule than envy. Mark Twain supposedly said, "When the end of the world comes, I want to be in Cincinnati because it's always 20 years behind the times."

In recent years, the city became best known for flamboyant personalities, such as the late Cincinnati Reds owner Marge Schott and her dog Schotzie, and Jerry Springer, who before becoming king of trash TV was Cincinnati's mayor.

And, more often than not, Cincinnati has tended to gain national headlines by backing up Twain's observation, with the obscenity prosecution of a local museum that exhibited explicit photos in a Robert Mapplethorpe retrospective; a voter-approved ban on gay rights laws, later rescinded; and riots four years ago touched off by racial tension.

Today, however, Cincinnati is shaking off its image as a stodgy, out-of-step backwater, and gaining buzz for what residents say has long been true: it's an affordable, livable city. Among its attributes: a median home price of \$143,000, compared to \$187,000 nationally, and \$387,800 in Boston.

At the same time, Cincinnati offers many of the amenities found in bigger cities, including a Major League Baseball team, the Reds; a National Football League team, the Bengals; several museums, a renowned symphony orchestra, an opera company, a ballet company, and a Tony Award-winning regional theater. Tens of millions of dollars in corporate, individual, and public money have been spent over the past few years to revitalize the downtown, now filling with restaurants, clubs, and upscale apartments and condominiums.

"We're not going to be the biggest city. We're never going to have an ocean," said city councilman David Pepper, the son of former Procter & Gamble chief executive John Pepper. "But it's an easy, comfortable place to live."

Cincinnati was once among the nation's fastest-growing cities, booming in the early 19th-century as Ohio River steamboats cruised west to new settlements, and south to slave plantations. Among its early consumer products industries: a huge meatpacking sector, now largely vanished, which not only prompted the nickname "Porkopolis" but also provided the tallow to make candles and soap.

Cincinnati's heyday ended as the nation pushed farther west and railroads replaced rivers as the prime transportation network. But the wealth generated from those boom times built stately homes, impressive commercial buildings, parks, and a variety of cultural institutions. Cambridge resident Henry Wadsworth Longfellow dubbed it the "Queen City of the West."

Today, this legacy of architecture, parks, and culture, combined with Cincinnati's affordable, low-hassle living, has generated loyalty to the city. From the top floors of the corporate towers to street level shops, business people say Cincinnati can be a tough place to leave.

Charlotte Otto, global external relations officer at Procter & Gamble, said she was reluctant to come to Cincinnati to work for P&G after graduating from Purdue University in Indiana, but decided she'd build her resume for a couple years and then book. That was 29 years ago.

She said it's a common story among "Proctoids," the local name for P&G employees. "We have to convince recruits to come here," she said. "But the real difficulty often comes when we have to transfer them out."

Konstantinos Moulatsiotis came here as a 17-year-old Greek immigrant 54 years ago, and still makes and sells hats in his downtown store, Batsakes Hat Shop. Now 71 and known as Gus Miller, he opens his shop six days a week at 8 a.m., whispering a prayer of thanks to the uncle who brought him to America. Despite his success, he says retirement to a warmer climate is not in the cards.

"You live here all your life and you move to Florida? Florida is a different country," he said. "There's a lot in Cincinnati. It's a unique city. People from Boston move here, they're going to love it."

Companies say they also like Cincinnati's moderate business costs, which are about 3 percent below the national average, according to Economy.com, the West Chester, Pa., research firm. Another advantage: Cincinnati's at the crossroads of North and South, East and Midwest, putting it within easy reach of most major cities in the eastern half of the United States.

In addition, Cincinnati's growing international airport, one of the nation's busiest, provides direct flights to nearly 140 cities in North America and Europe. The airport recently completed a runway extension that will permit direct flights to Asia, and by year's end, will add its fourth runway, a \$250 million project.

Location and a top-notch transportation network were among the key reasons Toyota headquartered its North American manufacturing division in the Cincinnati area, a spokeswoman said. Same for Boston fund firm Fidelity Investments, which located its Midwest regional center in a northern Kentucky suburb of Cincinnati, and now employs more than 3,600 there.

Boston Beer Co., the brewer of Sam Adams beer, also is expanding in Cincinnati, where it owns a plant in a neighborhood known as Over-the-Rhine, once the heart of a German immigrant community. Still, said Jim Koch, Boston Beer's chairman and a Cincinnati native, he's staying put in Boston.

"Cincinnati is a great city, but Boston is a world-class city," said Koch, who left Cincinnati nearly 40 years ago to attend Harvard University. "I love going back there, but leaving Boston you give up too much."

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