

Posted on Mon, Oct. 03, 2005

Supersize it, times 3

Wal-Mart plans to double local Supercenters

By Jenni Glenn
The Journal Gazette

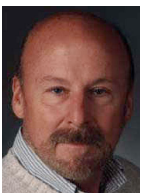


Photos by Cathie Rowand/The Journal Gazette

The Wal-Mart Supercenter at 5311 Coldwater Road is one of three Supercenter stores in Allen County.

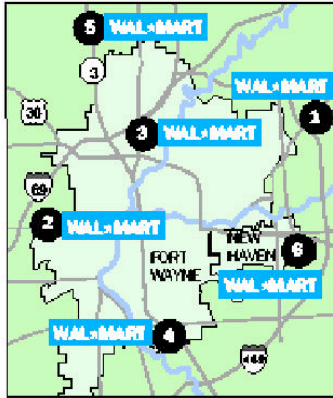


Shopping carts line up at the Coldwater Road Wal-Mart Supercenter.



Expansion plans

Wal-Mart Stores Inc. plans to build three more stores in Allen County by 2008.



Existing or proposed Wal-Marts

1. Chapel Ridge
10420 Maysville Road
207,000 square feet

2. Apple Glen
1710 Apple Glen Blvd.
212,000 square feet

3. Coldwater Crossing
5311 Coldwater Road
206,000 square feet

4. To be built:
Southtown Centre
200,000 square feet

5. To be built:
Southwest corner of Lima and Dupont roads.
204,000 square feet

6. To be built:
Southeast corner of Indiana 930 and Adams Center Road.
183,000 square feet

The Journal Gazette

The world's largest retailer just keeps growing. Wal-Mart stores will cover more than 1.2 million square feet of Allen County by 2008.

Wal-Mart Stores Inc. doubled the size of its Allen County stores five years ago. By 2003, Wal-Mart occupied 625,000 square feet of floor space in Allen County. Now the company is preparing to double its local presence again by building three more Supercenters in the next three years.

This rapid growth has some questioning whether the county can support six Wal-Mart Supercenters, each exceeding 180,000 square feet. But Wal-Mart and retail experts say the population should be able to keep all of the Wal-Mart stores in business, although the competition could cut into other retailers' profits.

The three planned stores – located at the former Southtown Mall site, the southwest corner of Lima and Dupont roads and the southeast corner of Adams Center Road and Indiana 930 in New Haven – will create additional shopping destinations in neighborhoods that need retail development, Wal-Mart spokesman Keith Morris said.

Wal-Mart selected each of the new sites independently, based on demand for retail and the neighborhood's projected population growth, Morris said. The success of existing stores here also encouraged Wal-Mart to invest in more Allen County locations, he said.

"For us, it's not a case of building five or six stores all at once," he said. "We've kind of grown as the community's grown."

Wal-Mart needs to keep growing locally to accommodate increasing customer traffic, Morris said. The company converted its Apple Glen and Coldwater Crossing stores into Supercenters five years ago, doubling their floor space, to handle the large number of shoppers. Traffic kept increasing, so the company opened a store on Maysville Road two years ago, he said.

The new locations "will take a considerable amount of pressure off those stores because they have been overcrowded," Morris said.

Wal-Mart plans to keep its three existing stores in Fort Wayne open, even after the new Supercenters are built, he said. The former Southtown Mall and Dupont Road locations could open as soon as late 2006, he said. The New Haven store is scheduled to open in the spring of 2008.

Wal-Mart's largest Supercenter of 220,000 square feet needs a customer base of about 50,000 people to support it, said Ken Stone, a retired Iowa State University economics professor who is an expert on retail mass merchandisers.

The company's local stores range in size from 183,000 to 212,000 square feet. Allen County has more than enough people to support those stores, Stone said. The county had an estimated population of 342,168 last year, according to the U.S. Census Bureau.

The new stores may indicate Wal-Mart has plans to dominate the local grocery business, Stone said. Wal-Mart, which has about a 20 percent share of the nation's grocery market, often builds stores close together to discourage competitors from moving into the area, he said.

"The name of the game with Wal-Mart is to build as many Supercenters as they can so they can capture as much of the grocery business" as possible, he said.

Niche stores, such as Foot Locker, struggle if their locations are too close together, said Peter Sealey, adjunct professor of marketing at the University of California Berkeley. But Wal-Mart, which sells a wide range of groceries and other products, has a broad appeal to many customers.

In Allen County, the smallest distance between local Wal-Mart sites – 4.8 miles from Coldwater Crossing to the Dupont and Lima roads location – gives enough room for the stores to avoid stealing customers from each other, he said.

"I don't think (the market is) even close to being saturated, assuming they've given themselves enough space," he said.

But Allen County will have more Wal-Mart stores than a similar-sized county in Ohio. Butler County, located in southwestern Ohio between Cincinnati and Dayton, had an estimated population of 346,560 last year, according to the Census Bureau. Still, the county only has four Wal-Mart stores, and only one is a larger Supercenter, said Mike Juengling, the county's director of development.

Wal-Mart operates 1,866 Supercenters, 1,258 discount stores and 94 neighborhood markets nationwide. The retailer had \$285.2 billion in sales in the fiscal year that ended Jan. 31, according to the company's Web site. Wal-Mart plans to open 240 to 250 new Supercenters in this fiscal year, which started Feb. 1. About 160 of those will be upgrades to or replacements for existing Wal-Mart discount stores.

Fort Wayne resident Jon Rundquist opposes the local expansion of Wal-Mart. The retail giant already has too many local locations, and it is hurting small businesses that benefit the local economy, he said. It is "ridiculous" for Wal-Mart to be building new stores so close to some of its existing locations, he said.

"There's nothing that Wal-Mart has shown anybody in Allen County that shows it can support six stores," he said.

Wal-Mart won't invest \$10 million to \$20 million in a new store unless it is sure the location will be successful, Wal-Mart spokesman Morris said. The company studies customers' ZIP codes when it considers potential locations for a new store, he said.

Rundquist, a 43-year-old pharmaceutical representative, hasn't shopped at Wal-Mart since 1991 because he objects to the way the retailer treats its employees and the communities where it operates. Rundquist worries employees at locally owned hardware stores and other retailers will lose their jobs when Wal-Mart opens its new stores.

Wal-Mart's expansion in the market is likely to hurt other retailers who compete with the store, said Richard Feinberg, director of the Center for Customer Driven Quality at Purdue University in West Lafayette. Wal-Mart studies any market where it builds a store carefully, so its stores are likely to survive competition, he said. Other retailers may not fare as well if Wal-Mart takes away their business.

"It's money that's coming from somewhere," Feinberg said.

Kroger, which has seven grocery stores in Allen County, welcomes the competition, spokesman Jeff Golc said. A competitive grocery market encourages Kroger to offer the best possible shopping experience, he said.

"It challenges us to continue to provide very good customer service," he said.

Competition also pushes Wal-Mart to work harder at providing the lowest prices every day, Morris said. All businesses must be competitive to earn customers' business, he said.

Wal-Mart's low prices convinced 28-year-old Stephanie Kilbride to buy groceries at the Coldwater Crossing location near her Fort Wayne home. A stay-at-home mother with three children, Kilbride regularly heads to Wal-Mart for the bargains. Even though Wal-Mart's prices are the lowest she has seen, she wonders whether all of the new locations are necessary.

"It does seem a little crazy to have six Wal-Marts in this town," she said, "but if people go to them, it works, I guess."

A giant presence

Wal-Mart plans to double the number of stores it has in Allen County over the next three years. By 2008, six Wal-Mart Supercenters will serve the county's estimated population of 342,168, according to the U.S. Census Bureau. Here's how the world's largest retailer stacks up against some other local retailers.

Retailer	Stores in Allen Co.	People per store
Wal-Mart	6*	57,028
Meijer	3	114,056
Scott's	11	31,106
Kroger	7	48,881

** Planned by 2008*

© 2005 Journal Gazette and wire service sources. All Rights Reserved.
<http://www.fortwayne.com>