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Big, Bigger, Vacant

by

Jan Marlon Jander

A THESIS SUBMITTED
IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE

Master of Architecture

APPROVED, THESIS COMMITTEE

David Brown, Thesis Director,
Assistant Professor, Architecture

David M. Guthrie, Hild Visiting Critic,
Architecture

Gordon G. Wittenberg, Professor,
Architecture

William T. Cannady, Professor,
Architecture

Houston, Texas
April 2004
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ABSTRACT

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This thesis searches to understand the impact of the big box through a reading of vacant ones. “No trespassing” and “no parking” signs surrounding parking lots of abandoned stores begin to tell the story of the big box. It has a changing lifecycle and many across the country have shifted out of their original retail cycles into dormant cycles that ban visitors. These closed stores no longer offer their ubiquitous, air-conditioned, windowless interiors and aisles of merchandise for shoppers. Instead, they are void spaces in our landscape. Some stores have been empty for more than ten years, while other stores have closed after being built only five years earlier. This thesis explores the extent of the big box’s social, political, economic, and cultural influence, through its lifecycle as a retailer and as a dormant void, in cities and suburbs across our global landscape.

April 2004
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Discount Retail: The Invisible Story  Jan Jander
SAVE-A-LOT

Discarded Discount Retail
abandoned shopping cart filled with trash, Meridian, MS
August 2003
Opposite a vacant Wal-Mart in Meridian, MS, a closed Kmart big-box is also visible from the highway.
Entering Meridian, MS, driving south on Interstate 59, my first image of the city was an abandoned Wal-Mart. The big-box has been vacant since October 18, 2001.
Within three years from 1987, 300 grocery big box stores, including Walmart's first supercenter, opened nationwide.
Vacant Neighbors

Wal-Mart, Meridian, MS
Entering Meridian, MS, driving south on interstate 59, my first image of the city was an abandoned Wal-Mart. It is on a feeder road, perched on a hill to the left. Accessing this side road is difficult because it is across four lanes of traffic and is obscured in a gulley. My first attempt missed and put me back on the interstate heading north. Four miles later, I managed my way onto the feeder road and into the empty parking lot. Faded Wal-Mart Realty “building available” signs have expired auction dates from 2001 and 2002. The building’s original Wal-Mart logos have been removed, brown paper conceals the interior from the entrance and chains lock the doors; the interstate, a few tall weeds and tire marks are the only signs of activity.

Kmart, Meridian, MS
Leaving Wal-Mart’s parking lot there is another closed big box. On the same feeder road, across the four lane intersection, a former Kmart has chains and concrete barricades blocking off most of its parking lot. An attached strip center has only one occupied space and a 1-800 number completes a “for lease-will subdivide” banner tied to its storefront. The weeds are taller and more established than at the Wal-Mart and there are a number of red shopping carts filled with trash littered
across the site. The sides of the carts have “Save – A – Lot” written on signs that are integrated into their plastic baskets. These abandoned sites are visible from the main road through the city; they present images of vacancy, remove tax dollars, and pollute with run-off water and heat gain loads. They are socially, politically, and economically damaging to Meridian.

The voids in Meridian highlight a situation that is happening across the United States. London based artist, Nils Norman, examines abandoned buildings as he proposes a re-interpretation of urban space. His photo of a closed Kmart in Massachusetts is used in his critique of big box stores. Nils explains that, "by setting up shop in a small community and underselling basic home goods, these large corporate chain's stores are able to quickly undermine the countless small businesses that provide these areas with a sense of place and autonomy." Kenneth E. Stone, a professor of economics at Iowa State University explains, "new big box stores merely capture sales from existing businesses in the area." While "mom and pop" stores were the first wave of closings in the discount retailer race, today the big box stores are focusing on rivals their own size and the scale and consequences of these price wars are increasing. When a 130,000 square foot store closes, the impact is hard to ignore, but when a single company closes 600 big boxes in two years, the impact is undeniable.
Mic-Norman photographed in Massachusetts.
After Retail

Active stores promise lower prices, but threaten smaller businesses and are criticized for damaging an area's sense of place and autonomy. Vacant big box stores create a sense of failure and decline. In Meridian the voids define the town's western entry and exit and weaken local governments by removing tax revenues. Their vacancy magnifies attention upon their acres of roofing and paving that contribute to run-off water and heat gain loads. Big box stores' effect on communities changes as their lifecycles change and to mitigate the negative characteristics, communities try to reuse empty stores.
Big Boxes Divided, Reoccupied and Vacant

(An Electronics Big Box), Houston, TX
Retail becomes a school

In 2002, an empty big box on Westpark Drive was redeveloped as Houston Community College in Houston, Texas. The exterior of the big box received minor changes and a portion of the parking lot was used for prefabricated additional classroom buildings. The interior was repartitioned to reuse the building’s existing entrance, while accommodating classrooms and other school programs.

The school program fosters new relationships between itself and neighboring big box stores and strip centers; while the original building was designed only to accommodate automobile traffic, the school program has introduced a significant amount of pedestrian circulation within the immediate area, which has become, by default, a campus for the students. The nearby Cajun Sandwich deli lures students to walk across two parking lots and a four-lane road. The school’s students and teachers may walk to Home Depot, Pet’s Mart, and other stores, between classes and events. The Home Depot is open around the clock, keeping the area well lighted and watched by customers, providing a safer and more active campus for the school.
Houston Community College, Houston, TX. Middle big box with white roof.
Wal-Mart, Birmingham, AL
Retail reused by Lowe's Hardware

In March 2001, Wal-Mart closed a discount store in Birmingham, Alabama, when they opened a new Wal-Mart supercenter, store #2111, behind the previous store. The closed store, at 5291 Highway 280, sat vacant for just over two years, but then it was reopened as a Lowe's Hardware store in April 2003. Lowe's redeveloped the former Wal-Mart with a new storefront and refinished interior. The proximity of the new Wal-Mart supercenter, at 5335 Highway 280, is not a problem for a hardware store, like Lowe's, because, currently, they target different retail markets.
Closed Kmart at 1431 West 20th, in Houston, TX
A developer builds the 70,000 square foot big box for Kmart with a 20 year lease agreement. Sometime between 1967 and 1982, Kmart expands into 30,000 square feet of adjacent grocery space. LWS Management Inc. buys the 100,000 square foot big box from the original developer for $1 million and Kmart adds 10 years to the remaining on the store lease.

construction costs
- built
- utilized
- closed
- vacant
- redeveloped

lease / ownership
- begin lease
- renew lease
- terminate lease
- market property

Kmart closed the store as it reorganized under chapter 11 bankruptcy and is released from lease.

New development companies approach landlord before building is marketed.

Big box is sold to the highest bidder.

Building will be re-partitioned into four separate spaces.

Redevelopment cost $2 million.
Kmart, Houston, TX
Retail repartitions for tenants

A Kmart store located at 1431 West 20th, in Houston, TX, opened in 1967 and closed on April 30, 2003. A developer built the 70,000 square foot space for Kmart with a twenty-year lease agreement. Originally a 30,000 square foot grocery store stood next to the Kmart but by 1982 when LWS Management Inc. paid $1,000,000 for the building, Kmart had joined the two spaces creating a single 100,000 square foot retail space. During the change of ownership Kmart added another ten years to the five years remaining on their initial lease.5

Kmart paid to renovate the building three times from 1982 to 2003. The last renovation was in 1992, when Kmart closed the storefront’s long expanse of windows to increase shelf space. In 2003, after years of losing market share to discount competitors like Wal-Mart, the Kmart Corporation closed all of its stores in Texas as part of their reorganization under chapter 11 bankruptcy.6

Kmart closed 300 stores in 2002 and its bankruptcy in 2003 broke its lease contracts on closed stores encouraging the store’s landlords, which were no longer collecting rent, to market the properties. LWS’s building is in a highly marketable
location. Two months before Kmart had closed the store on West 20th and without LWS marketing the property, prospective developers approached LWS to sell. Other developers wanted to demolish the building for apartments or townhouses, but the highest bidder plans to subdivide the space into five separate tenant spaces. LWS could not find a replacement tenant to lease the 100,000 square foot property as a single space; it was too large for any single client and too small for any discount retailers. The space needed to be either subdivided into smaller sections that would accommodate multiple tenants or demolished for another program. The redevelopment options required more capital than the landlord could provide, and after twenty-one years of ownership, he sold the property in February 2003.7

Prospective buyers had different ideas for redeveloping the soon to be closed big box. Wal-Mart expressed an interest in demolishing the building to build a new store, but would not offer enough money. The city had plans for a park or government offices, while others wanted to demolish the building and build apartments or condominiums. In the end, the landlord sold the property to the highest bidder, a developer that plans to spend two million dollars repartitioning the space for five separate tenants to lease.8
Empty parking lot of closed Kmart, Houston, TX
“Available” October 1, 2003 Kmart, Old Spanish Trail Road, Houston, TX, speculative demolition
Another one of the 305 closed Kmart stores in 2003 is located on Old Spanish Trail Road, in Houston, TX. Despite its prime location across from the recently built Reliant Stadium, this property has not found new tenants. In August 2003, the landlord began speculatively redeveloping the store with the hope of attracting future tenants. The redevelopment includes demolishing the existing façade and a portion of the rear of the store to reduce its depth and make the building more suitable for future leasing. Retail businesses measure sales by revenue per square foot, which discourages excess space. Tenants typically want a depth of space to be no greater than 150', but some big box building types are more than 300' deep. Accounting for this discrepancy a typical big box building with a 400' storefront would result in the demolition of 120,000 square feet. Typical demolition costs range from four to five dollars a square foot, making this demolition cost $480,000 to $600,000. These speculative costs would need to be recuperated in future rents. New construction costs twenty-five dollars a square foot. New strip centers frequently lure anchor tenants by offering reduced lease rates so that they can then lease smaller spaces at a premium next to the
anchor store. Such incentives hinder the vacant sites’ chances of being reused.

There are a number of difficulties preventing big boxes from being reoccupied. High redevelopment costs often make new construction a less-expensive alternative to reuse. Changing site conditions may also adversely affect big boxes, which are typically the first developments along new roadways. Initially the areas are remote and provide cheap rents necessary for discount retailers, but over time, sprawling communities settle around the sites, hindering necessary expansion of retail space and raising property values. The spatial changes and resulting economic shifts can result in closed stores.

Kmart built its discount empire with stores along the edges of urban areas where inexpensive real estate allowed them to cover greenfield sites with 100,000 square foot big boxes and acres of parking. New highways and interstates lessened the inconvenience of the stores’ remote locations for an increasingly automobile dependent society. But over the years cities have expanded, making Kmart’s previously remote locations more central and more expensive. Since Kmart leased most of their properties, their stores’ increased property values enriched landlords but increased operating
property values enriched landlords but increased operating expenses for Kmart. More aggressive retailers like Wal-Mart, which is adding a new store every 26 hours in the United States, are able to expand with suburban sprawl, placing their stores in increasingly remote locations where land is still inexpensive.

Instead of developing systems of mass transportation to manage growth, Texas is one of the few states that still widens and expands its freeways. Wal-Mart is capitalizing on Texas’ cheap land that is made accessible by the state’s expanding highway network. Wal-Mart’s rapid saturation of the discount retail market in Texas has forced rival discounters like Kmart to close all of their stores in the state. Kmart’s CEO from 2000-2002, Chuck Conaway, explains “people drive around in the suburbs, making it easier for people to choose which discount retailer they go to. In larger cities, there is more of a local
customer base and less competition for Kmart." Chuck’s comments reflect a dramatic shift in Kmart’s traditional discount retail business strategy. Years of declining market share have forced Kmart to reposition itself in the discount market; their current plan is to pull out of markets on the outskirts of cities, where their competition is outselling them, and to focus on stores in cities, which are convenient to pedestrian and mass transit customers. The change reflects Wal-Mart’s effect on the entire discount retail race.

600 Kmart big box stores were closed during 2002 and 2003. 305 were auctioned in 2003, but only sixty-three of the stores had successful bidders, adding 252 vacant Kmarts across the United States. Only one in five closed stores has plans to be reused; the closed Kmart on T.C, Jester is one of the few.
Wal-Mart, Arab, AL
Retail for sale and vacant for more than ten years

In Arab, Alabama, Wal-Mart closed a 70,000 square foot store more than ten years ago. Wal-Mart Reality is listing the building and its seven-acre site for $10.71 cents a square foot. The store has been vacant for more than a decade, but Wal-Mart has built new supercenter stores #306 and #681 less than ten miles away from the empty store.
AVAILABLE
Arab, Marshall County, Alabama

Freestanding Building
Building Size 388’ x 180’ (70,013 SF)
7.08 Acres with 230 Parking Spaces
Will Subdivide

1077 North Parkway

For More Information Contact:
Cindy Morse, CCIM
Real Estate Manager
Phone: (479) 204-0187
Fax: (479) 273-8119
cindy.morse@wal-mart.com

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Hwy 6 + Beechnut Steet
Aerial map of site with eight big boxes

a. hwy 6 flea market

b. beltway plaza & veit hoa coming soon!

c. current veit hoa closing soon

d. empty big box

e. empty wal-mart discount

f. world's largest dollar store

g. wal-mart neighborhood market

h. wal-mart supercenter
Let's Make a Deal!

"Super Plus 1.00" Store

Coming Soon!
HIT THE JACKPOT & Pick Your Special!

YOU'LL LOVE WHAT YOU

1-BDRM. $419-$519
1- DEN $549
2-2 $649
281-495-0890

Coming Soon!

Coming Soon!
Viet Hoa location until spring 2004

Viet Hoa location coming spring 2004
directly across the Beechnut Street
"Available" since 2001, closed Albertsons Grocery,
Hwy 6 + Beechnut, Houston, TX
52,000 sq. ft. with a/c + 5,000 without a/c
$0.40 / square foot - 5.5 acres
832-731-5276

Wal-Mart Neighborhood Market, store #3509,
11755 Beechnut, Houston, TX
Opened January 30, 2002
big box activities / vacancies
hwy 6 + beechnut southwest houston texas 1970-2004

1970

a) kmart
b) green field
c) green field
d) green field
e) green field
f) green field
g) green field
h) green field

active / vacant
○ built
--- utilized
○ closed
--- vacant
○ redeveloped
Big Boxing
Seven discounts fight, Hwy 6 + Beechnut, Houston, TX

Kmart-Hwy 6 Market & Flea Market
SuperTarget-World’s Largest Dollar Store
Alberts
Viet Hoa & Viet Hoa Coming Spring 2004
Wal-Mart Neighborhood Market
Wal-Mart Discount
Wal-Mart Supercenter

Just outside the inner loop, driving south on Interstate 59, I exited onto Beechnut Street. For four miles along this four-lane road lined with strip centers I encountered eight big box stores in different life cycle stages. Between the big boxes there are a variety of discount banners advertising specials for used cars, apartments, and 99cent merchandise. “LETS MAKE A DEAL” and “HIT THE JACKPOT” are written on banners for competing rental properties, while other banners advertise new homes for “the low 100’s”. After the big boxes, “Dollar Stores” and “99cent Stores” have the most noticeable presence in the area, followed by vacant store spaces, with “for lease” and “space available” signs in their windows. Ironically, there are roughly a dozen new strip centers being built alongside dozens of already vacant centers. Used car lots and a variety of makeshift vendors have begun to fill many of the parking lots.
Discount businesses and low priced residential developments take advantage of the area's inexpensive real estate on the outskirts of Houston. Generic big boxes have become the basic building type for the area. Schools, churches, and recreational centers have taken the same form; they are giant, windowless, rectangular boxes that differentiate themselves with signs and their choice of either metal, concrete tilt up, or brick/block walls. Fences and wide medians of grass separate residential and commercial properties. Along Highway 6 the fences around residential developments become two-story sound barriers in an attempt to isolate traffic noise and projectiles from the eight-lane roadway. Despite the walls, absence of sidewalks and wide roads, there are a handful of people that walk along the roadside.

Beechnut intersects with Highway 6, which is currently the outermost ring road around Houston, Tx. Highway 6 doubles the width of Beechnut, with eight lanes for traffic. Within a two-mile diameter of this intersection there are seven big boxes competing with one another. Examining the point each big box has reached in its lifecycle reveals the impact of the big box on its competition, its neighborhood, and the company that controls it.
Kmart, Hwy 6 + Beechnut, Houston, TX
Big box closes for years and reopens as a flea market

The Kmart at 7335 Highway 6, Houston, TX, opened in 1970, as the area's first big box store. It closed in 1999, after twenty-nine years of continuous operation, and remained vacant until December 2002, when it opened as the Highway 6 Marketplace and Flea Market. Approaching the market, the "Big K" sign has been removed, leaving an essentially blank storefront; cars, trash, and a small plastic "Highway 6 Marketplace" banner are the only signs of activity. Kmart's signature beige paint and red accents are faded and worn from neglect, but the building is undeniably a former Kmart.

A manual entrance door and low acoustic panel ceiling date the interior of the building. The linoleum floor is mostly intact and shows where Kmart once had aisles of merchandise. Metal fences and particleboard subdivide the interior into 423 vendor spaces that are lighted and climate controlled as a single space. The partitions are only eight feet high, allowing several feet of open circulation between them and the existing big box ceiling for light, sound and ventilation.

Iris Bein, of "I B Creations," explains that she and her mom chose to open a booth in the market after years of traveling with craft shows. The market is convenient and fosters a sense of security and community. Its open layout promotes bonds between vendors that a typical strip-center prohibits. Neighboring tenants' close proximity enables them to look after one another, allowing merchants the freedom to explore other parts of the market or run errands. Visitors feel the closeness too; a number of people living in the area were originally attracted to the market because of its air-conditioning and for its novelty, but many have become regular visitors and friends of the vendors. But, while Iris Bein
“VIC & MERLYNE MAGNETIC JEWELRY WITH STYLE
ENERGY AND HEALTH”
Highway 6 Marketplace & Fleamarket, Houston, TX
is comforted by the market's open feel, she and other vendors are upset that insurance companies refuse to insure their booths. Insurance agents are unfamiliar with the market's open layout, but they deny insurance coverage without even visiting.

One year after opening, the market has 326 eclectic entrepreneurs. "Debra's Crystal Trinkets," in booth H10, offers "Arkansas Clear Quartz Crystal" from the "Ouachita Mountains," while in another booth, "Milam Creations" offers web page design. In a section near a café, "Vic & Merlyne" features "magnetic jewelry with style, energy and health." Spaces lease for $125.00 to $300.00 a month depending on their placement within the market and are typically 100 square feet, but they can be connected to create larger booths. Thirty-seven of the vendors are listed at "hwy6marketplace.com" and the market is open Friday through Sunday.¹¹
Available booth,
Highway 6 Marketplace & Fleamarket, Houston, TX
"World's Largest Dollar Store", October 1, 2003, formerly Super Target, Hwy 6, Houston, TX
Super Target, Hwy 6 + Beechnut, Houston Tx
Big box closes and becomes the “world’s largest dollar store”

The World’s Largest Dollar Store at 7445 State Highway 6, is one-quarter mile from the Highway 6 Marketplace. It opened on September 4, 2003, in the big box of a former Target. A Target real estate manager denied knowing who built this store in the early eighties, but as a Super Target, it was the second major big box in the area. Originally it was bigger than its nearest competitor, Kmart, but in 1985, the store was out-sized by a Wal-Mart Discount Store, and in 2001, Target decided to close the store. The building sat vacant for two years until it became the World’s Largest Dollar Store.

“$1” and “JUMBO DOLLAR” is written on giant plastic banners that greet visitors approaching the Store. The building’s exterior is unchanged from Target’s signature red stripe and beige color. Exposed dirt is raised between broken curbs, marking where trees once shaded an edge of the sparsely filled parking lot.

Inside, banners are hung on every aisle and wall indicating “ALL ITEMS $1”. Target’s linoleum floor, acoustic tile ceiling and red striped walls are unchanged, but the aisles have been arranged into long widely spaced rows. An entire aisle, five shelves high, is filled on one side, with disposable aluminum trays, and on the other side, with stacks of plastic planting containers and Tupperware. Aside from a few aisles of Christmas decorations and an area of general clothing, the store is not organized into departments. “NEW ITEMS ARRIVING DAILY” is written on a banner hung above the checkout area. The inventory is constantly changing according to whatever items other retailers cannot sell or have overstocked. When visiting the World’s Largest Dollar Store, a shopper has only one certainty, that whatever is there, its price is only one dollar.
Albertsons Grocery Store, Hwy 6 + Beechnut, Houston, TX
Big box grocery closes and the space is available
The Albertsons grocery store at 12000 Beechnut Street is one-quarter mile away from the Highway 6 Market Place & Flea Market. The 57,000 square foot space was built as the anchor store to a strip center in the early 1980’s. The store opened in 1996, but Albertsons decided to close it in 2001. The space has been vacant for three years and is currently marketed for lease at $0.40 a square foot. Other stores in the adjoining strip center remain open, but a large tract of grass interrupting the parking lot, shows that either something has been demolished, or was not completed as planned.12

Viet Hoa, Hwy 6 + Beechnut, Houston, TX
Big box grocery will relocate across the street to be even bigger
The Viet Hoa, a specialty international grocery store at 10828 Beechnut, is two-miles from the Highway 6 Marketplace and Flea Market. The 43,000 square foot space was built as the anchor store to a strip center in the 1970’s. Vic Tan, the store’s general manager, explains Viet Hoa opened in the space in 1996, but the store will close this location and reopen directly across the street where a former Kmart is being redeveloped as Beltway Plaza Shopping Center. The new store will more than double its size to 100,000 square feet and incorporate a new strip center across the front. When Viet Hoa abandons its current location, the attached strip center will lose its anchor store, and tenants will likely be forced to relocate across the street into the newer strip center, creating more vacancies or perhaps, making room for more dollar stores.

Wal-Mart Neighborhood Market
Big box grocery opens
Wal-Mart Neighborhood Market Grocery Store #3509, at 11755 Beechnut Street, opened January 30, 2002, on former farmland. Approaching the market, the building is noticeably different from the more common Wal-Mart Discount and
Supercenter stores. The building is one-quarter the size of a supercenter store and because of its smaller parking lot; it is relatively closer to the street. Arched roofs accentuate the entry points on the left and right sides of the storefront, but the most noticeable difference is the building’s earth toned beige with complementary green accents. The colors are a superficial change, but, relative to Wal-Mart’s ubiquitous bright red and blue, they give the market a more upscale look and a softer, more ecologically friendly appearance.

Entering the market, electronic doors welcome visitors into a surprisingly fresh interior. The exposed concrete floor is stained a deep brown and red, which complements the all black exposed truss ceiling. There are no smiling yellow “roll back” faces, and none of Wal-Mart’s signature reds or blues. Instead, the signage and graphics are limited to a pleasant palette of black, green, and beige, creating an uncharacteristically refined atmosphere for a large discount store.

Wal-Mart’s decision to build a grocery store along Beechnut, contradicts Albertsons’ decision to close its grocery store on Beechnut in the same year. Wal-Mart explains that their Neighborhood Market concept began in 1998, with three stores in Arkansas; five years later, Wal-Mart had forty-nine Neighborhood Markets in the United States and thirty-seven abroad. Wal-Mart explains “they are located in markets with Wal-Mart Supercenters, supplementing a strong food distribution network and providing added convenience"
while maintaining Wal-Mart’s Every Day Low Prices. Wal-Mart has two Wal-Mart Supercenters and a Sam’s Club within three miles of this 43,000 square foot Neighborhood Market. The markets range from “42,000 to 55,000 square feet” and Wal-Mart explains they “feature a wide variety of products, including fresh produce, deli foods, fresh meat and dairy items, health and beauty aids, one-hour photo and traditional photo developing services, drive-thru pharmacies, stationary and paper goods, pet supplies, and household chemicals.”

Wal-Mart Discount

Big box “goes dark” and relocates as an even bigger box down the street Wal-Mart Discount store #772, is a few hundred feet from Wal-Mart Marketplace, it is located just before Beechnut intersects Highway 6, at 14550 Beechnut Street, in Houston, TX. The 129,391 square foot big box and 736 car parking lot covers twelve and half acres. It opened in 1985, received a 40,000 square foot expansion in 1989 to add a “Tire Lube Express” and closed in 2003. My first visit to the store was on October 1, 2003, following a phone conversation with Teresa Hibbard, a manager for Wal-Mart Realty. I called her after reading on the Wal-Mart Realty website that this store would be “available October 29, 2003.” Teresa explained that the store would “go dark on October 29.” “Going dark,” she continued, is the phrase Wal-Mart officials use to describe their process of closing a store. Once “dark,” the building is available for lease at $3.65 per square foot. The property taxes in 2003, were $1.71 per square foot, and Wal-Mart paid $0.51 per square foot for contract-associated maintenance and $8,000-$10,000 a month for utilities. Based on the asking price of undeveloped property adjoining the Wal-Mart and $25.00 per square foot to build a new big box store, the Wal-Mart could be built new, for $4,205,477, but Teresa explained Wal-Mart would consider selling the property for $5,000,000. The $800,000 value difference between Wal-Mart’s sale price
and current market values prevents vacant stores from being reused and encourages new big boxes to be built. Under these economic conditions, big boxes have become disposable objects that discount retailers simply discard until land values raise sufficiently to justify redevelopment costs.

Approaching the store from Beechnut Street, a tall billboard with Wal-Mart letters stood by an entrance with a stream of cars entering and exiting. At 11am, I was surprised to find the parking lot half full. The company’s signature red and blue stripes accented the building’s exterior along with matching plastic letters that read: “WE SELL FOR LESS” and “SATISFACTION GUARANTEED”. Walking across the parking lot, a banner revealed: “YOUR WAL-MART IS MOVING!” Normally when a retailer closes or moves a store, it will hang banners to advertise a “moving sale” or “closeout sale”, but Wal-Mart’s moving banner just ended with an exclamation point, which began to tell the uniqueness of this store’s moving. Unlike the Kmart Corporation, which is struggling in the discount retail race and had to close 600 stores during 2002 and 2003, as part of its chapter 11-bankruptcy reorganization, Wal-Mart Stores Inc. is closing their stores as part of their growth strategy.

Signs posted on the doors of Wal-Mart #772, on October 27, 2003

STORE WILL CLOSE AT 6PM TOMORROW.
Wal-Mart Supercenter
Super big box opens as the biggest of them all, offering groceries, retail, and more 24/7

A new Wal-Mart Supercenter #772, is located on previous farmland, at 6921 State Highway 6, two-miles from its former location. It opened at 7:30am October 29, 2003, but my first visit was on October 1st. I followed the directions posted at the, soon to be closed, Wal-Mart Discount Store and had no trouble finding the 205,000 square foot big box on its seventeen acre site. The store is the biggest big box in the area by over 75,000 square feet and its 1,056-car parking lot pushes the building the farthest back from the street. The increased distance from the street and a new strip center complex in front of the Wal-Mart may be why they have increased the size of their billboard. Wal-Mart had not yet placed its name on the site, but a red and yellow banner on the storefront announced “FOOD CENTER COMING SOON!”

The food center banner begins to tell the story of why 317 Wal-Mart’s are either “going dark” or already “dark” in 2003, and why Wal-Mart Stores Inc. plans to add 140 more “dark” stores in 2004. In an effort to maintain growth, Wal-Mart is expanding into the grocery market. Wal-Mart’s discount stores aren’t big enough to carry traditional merchandise and groceries, so Wal-Mart is replacing its discount centers with “supercenters” that can accommodate both and letting the discount stores they replace “go dark”. Wal-Mart’s process of “going dark” or closing stores, as part of its growth strategy is a unique business model that requires a more in-depth understanding of discount retail and globalization.


**Environmental Effects**

An image of failure and high run-off water and heat gain loads

The eight vacant or occupied big boxes in Beechnut contribute 87 acres of impervious surfaces, 5,108 parking spaces, and 815,000 square feet of retail square feet. They have provided a nesting ground for second hand vendors and liquidated merchandise. The single story buildings are surrounded by large parking lots that disrupt ecological cycles and pedestrian circulation flows. Their asphalt paving and roofs prevent water from being reabsorbed into the ground and increase water run-off loads into the area. The paving also causes harmful heat gain loads in the area, contributing to smog formation and exacerbating high temperatures. "No trespassing" and "no parking" signs prevent circulation through the sites, making the abandoned sites impenetrable voids in the Beechnut and Highway 6 community.

Twenty-four pump gas station, part of Wal-Mart Supercenter Store #772
Parking lot drain at Wal-Mart Supercenter #772
“going dark”
6:00pm, October 28, 2003

“available”
November 30, 2003
October 1, 2003, Wal-Mart Supercenter #772 will open in 28 days

November 30, 2003, Wal-Mart Supercenter #772 has been open 31 days
October 1, 2003, Wal-Mart Supercenter #772 will open in 28 days
YOUR WAL*MART
IS MOVING!

October 1, 2003, Wal-Mart Discount #772 will "go dark" in 27 days
SATISFACTION
Big, Bigger, Vacant
Two Wal-Mart big boxes revisited: one opens, another "goes dark"

I revisited Wal-Mart's discount store at 14550 Beechnut and Wal-Mart's supercenter store at 3506 Highway 6, a number of times leading up to and following October 29th, when the former was scheduled to "go dark" and the latter was scheduled to "open". My second visit was on October 17th; the only change at the discount store from my visit on October 1st, were Wal-Mart's Halloween preparations; a haystack and a few pumpkins arranged by the entrance and a section of costumes and candy inside. Leaving the discount store, I drove two miles to the new supercenter store. It still lacked a Wal-Mart sign and was not open for business, but the parking lot was a quarter full and a few Wal-Mart associates were entering the store with "Wal-Mart" visible on their jackets. The entrance on the right side of the store had a number of signs. One of them matched the colorful discount store's "STORE MOVING" sign; only it explained, "STORE NOT YET OPEN". Another sign required everyone entering the building sign in at a security desk.

By October 26th the discount store was clearing out. An entire aisle of shoes that had been fully stocked on the 17th was nearly empty eleven days later; the merchandise in the jewelry and fabrics departments was also thinning, but the rest of the store was surprisingly well stocked right up to closing. On the 27th a sign on the discount store's entrance indicated the store would close on "October 28th at 9:00pm", but on the 28th the 9:00pm had been crossed out and the store would close at 6:00pm instead. The time change was underscored by white, eight and a half by eleven inch notices on every door that explained "THIS STORE IS CLOSING AT 6:00pm TODAY." The discount store's final hour and a half of business, I spent roaming its aisles and listening to periodic announcements over the store's intercom: "Attention Wal-Mart shoppers, your Wal-Mart is closing at 6:00pm today and
it will reopen at 8:00am tomorrow at its new location at 11755
Highway 6, thank for shopping at Wal-Mart!" Minutes before
“going dark,” I stationed myself at the entrance to catch the final
closing of the doors. The parking lot was half full and customers,
oblivious of the impending closing, were streaming in and out.
At 6:00pm the Wal-Mart greeter at the door began doing
the unthinkable, turning customers away. In broken English
and with aisles of merchandise behind her, she stretched the
truth explaining: “store closing, we don’t have anything to sell,
everything in boxes, everything boxed up, come back tomorrow
to our new location on Highway 6.” Bewildered customers were
told the current store would reopen at 8:00am the next day, just
down the street at 3506 Highway 6, and then redirected to three
other Wal-Mart supercenters #3296, which is four miles away,
and stores #915 and #2993, which are both five miles away. A
security guard began shouting a series of “We’re closed! The
store is closed!” to a seemingly endless stream of newly arriving
Wal-Mart shoppers. Finally, after the last customers had left, two
Wal-Mart associates closed the doors and chained them shut.
Another Wal-Mart had “gone dark.” Two miles down the street,
the supercenter Wal-Mart had its Wal-Mart signs up, but not
illuminated. The parking lot was half full, presumably by cars of
associates preparing for the store’s grand opening, only hours
away.

At 8:00am on October 29th, a chorus of singing children and my
now familiar Wal-Mart greeter from the discount store welcomed
me to the new Wal-Mart Supercenter. I was overwhelmed with
song and size. The ceiling is much higher than the discount store’s
and there are skylights allowing natural light into the otherwise
windowless interior. A massive rectangular cake caught my
attention, it was decorated to look like the supercenter, but while
it matched the store’s new pale green stripes along its sides, its
roof revealed a life-size headshot of Mr. Wal-Mart himself, Sam
Walton. My piece of Wal-Mart cake missed a piece of Mr. Walton,
but waiting for the cake I overheard two Wal-Mart shoppers: "you know I noticed that some of the prices weren't as low as the other store and I told one of them (a Wal-Mart associate), and she said: 'don't worry, we'll get them down to where you want them.'" I had purchased two small boxes of ultra-soft Kleenex tissues at the old store for $1.24 each and the price at the new store was the same. The Wal-Mart shopper's price concern may or may not have been accurate, but it reflect Mr. Walton's most important goal: "low prices, always."

Before leaving the store I wanted to explore the new grocery section and to visit the shoe aisle, which had become my most familiar aisle at the old store. The food section is a new experience; where else can you get your hair done, an oil change, and fresh lettuce for your salad under one roof? I wandered down a frozen food section and a cereal aisle; they were both longer than any grocery aisle I had ever experienced. After picking up some healthy looking bananas, I walked through the frozen meat section, which runs along the length of one side of the store, and then intersects with the shoe area. The new shoe aisle is much bigger in length and width and has simulated wood flooring instead of the gray carpeting in the shoe section at the former discount store. A Wal-Mart associate was attentively monitoring the aisle with genuine concern; he seemed proud of the clean new shoe section and unaffected by its proximity to edible merchandise.

Walking to the self-check out counter, I was surprised by the relatively pleasant atmosphere of the pristine new store but also uneasy about the large number of Wal-Mart associates that seemed to be watching over me. I missed being anonymous in the smaller discount store, where the relatively smaller aisles sheltered me from Wal-Mart associates. After weighing and ringing up my bananas, I realized I did not have my wallet. Thinking I had left it in my car, I asked a Wal-Mart associate to
watch my cart while I looked for my wallet. I was anxious about leaving the cart and its contents with a Wal-Mart associate, not because of my bananas, but because of my video camera, which was only partially concealed under my sweater. Unable to find my wallet, I returned to find a different Wal-Mart associate patiently standing over my bananas and sweater. I noticed the sweater had been moved and was now entirely concealing my camera. I explained I could not purchase my bananas and the associate politely offered to hold them if I planned to return later that day. I declined and took the cart with me as I left. Leaving the store I encountered a host of smiling faces; a Wal-Mart greeter thanked me for my visit, a milk vendor gave me free chocolate milk and a cosmetics vendor gave me a sample of lotion.

Returning home, I watched my videotape. My Wal-Mart associate’s legs are next to the cart and people are standing in the right side of the frame. After a few minutes, a security guard walks briskly from the left side of the frame to the right, where people are standing. Suddenly, one of the people darts toward the camera and my sweater is lifted up and then quickly placed over the lens. A voice asks: “What’s going on?” and a woman is overheard saying: “They’re trying to video tape us!” Relieved to be home and still have my camera, I was surprised that none of the Wal-Mart associates questioned me about the camera and even more surprised at how frantically the Wal-Mart associate rushed to conceal the camera.

A month after the camera incident, I revisited the “dark” Wal-Mart discount store and the new Wal-Mart Supercenter store on November 30th. The new supercenter’s parking lot was half full and customers were filing in and out of the building’s two entrances. Inside, scuffmarks on the linoleum floor underscored the activity in the store, while outside a new strip center along the edge of the parking lot was still inactive.
Approaching the discount store’s billboard, its Wal-Mart lettering was gone, and a Wal-Mart Realty sign read “Available.” Wal-Mart has removed their signs from the building’s façade, but the words are still legible through the mildew and grime that stains the building. The stains on the storefront may be read as metaphors for the stains that Wal-Mart’s increasing number of vacant big boxes leave on our landscape. These abandoned sites begin to reveal the complex social, political, economic and cultural effects of discount retail in our global marketplace.
October 28, 2003
"going dark" in 15 minutes
Wal-Mart #772
"Dark Wal-Mart #772"
closed since October 28, 2003 @6:00pm, Houston, TX
WAL*MART
SUPERCENTER

Food Center
Pharmacy • Optical
1-Hr. Photo
Tire & Lube Express

Open 24 Hours

Walmart Supercenter #772, 2 miles from "Dark Walmart"
open since October 29, 2003 @8:00am, Houston, TX
part two

Bigger, Bigger, Bigger
Discount Retail and Globalization

The economic goals of a global discount retailer are not in harmony with the needs of a local community. This is evident in the increasing number of vacant big boxes in cities and suburbs across the world. The bigger the big box, the bigger the discounter’s economic efficiency and the bigger the discrepancy between the needs of a discounter and a community. Discount retailers require enormous scale to succeed and competition is extremely volatile. Each low-price player is in a race for the largest sales volume and lowest overhead. This race has pushed retailers to unprecedented scales. On a global scale, it is economically beneficial for a single bargain retailer to open and close hundreds of stores in a single year to maximize efficiency. But at the local level the vacant big boxes that are discarded offset the benefits of global efficiency. Four out of five vacant big boxes are not reused because they are too big for non-discount retail needs, and too small for current discount retail needs. Wal-Mart with its processes of letting stores “go dark” is an optimization of this model. It therefore requires a more in-depth examination.

Wal-Mart Stores Inc. raises a lot of questions. How is it profitable for them to have 317 vacant stores in the United States and still plan to close 140 more in 2004? Why do they plan to build a new supercenter store every 42 hours for the next five years? How do they provide the lowest prices and still make a profit? How did they grow from a single store in Rogersville, Arkansas, in 1962, to the world’s largest company in 2003? And most importantly, what does the world’s largest company plan for our future?
IS WAL-MART TOO POWERFUL?

Page 100
**Big Box Myths**  
Big boxes misinformation

Historically, discount retailers have been criticized for bankrupting smaller businesses, homogenizing areas, and damaging the environment, but they have also been commended for helping areas by creating jobs, lowering prices, and increasing tax revenues. But new studies show that big boxes do not create new jobs or increase tax revenues and while they may lower prices, they also lower wages. Lower wages mean people have less money to spend. *BusinessWeek* magazine explains how Wal-Mart's "low price" business strategy has lowered wages:

Wal-Mart's seemingly simple and virtuous business model is fraught with complications and perverse consequences. To cite a particularly noteworthy one, this staunchly anti-union company, America's largest private employer, is widely blamed for the sorry state of retail wages in America. On average, Wal-Mart sales clerks ---"associates" in company parlance---pulled in $8.23 an hour, or $13,861 a year, in 2001, according to documents filed in a lawsuit against the company. At the time, the federal poverty line for a family of three was $14,630.23

The article goes on to explain new Wal-Mart's do not create jobs or increase tax revenues:

The Stop Wal-Mart movement has been bolstered of late by a series of academic studies that have debunked the notion that a new big box store boosts employment and sales and property-tax receipts. "The net increases are minimal as the
new big box stores merely capture sales from existing business in the area,” concludes a new study of Wal-Mart’s impact in Mississippi. ‘I see it pretty much as a zero-sum game,’ says co-author Kenneth E. Stone, an economics professor at Iowa State University.24

Discount retail has been criticized, since its conception, for bankrupting small businesses and causing areas to lose “their sense of place and autonomy”25. But today the effects of the discount retail race are felt globally. Wal-Mart Stores Inc. has become America’s largest private employer and the world’s largest company, with 1.4 million employees globally and 245 billion dollars in revenues for fiscal 2003.26 When a discount retailer of this size fights rival discounters to provide the lowest price, it may sound like good news for bargain shoppers, but further examination reveals a more complicated story.
Wal-Mart Stores, Inc.

Every 19 hours Wal-Mart Stores Inc. builds a new big box worldwide
Wal-Mart’s Size

In 2004, Wal-Mart Stores, Inc. is the largest private employer and company in the world with 1.4 million employees globally and 245 billion dollars in revenues for fiscal 2003. Wal-Mart’s size has increased by a factor of five in the last decade. If Wal-Mart maintains its current 15% growth rate, it will reach $600 billion in 2011.
“There’s nothing like Wal-Mart,” says Ira Kalish, global director of Deloitte Research. “They are so much bigger than any retailer has ever been that it’s not possible to compare.”

America has a long history of controversial retailers, notes James E, Hoopes, a history of professor at Babson College. “What’s new about Wal-Mart is the flak it’s drawn from outside the world of its competition,” he says. “It’s become a social phenomenon that people resent and fear.”
Wal-Mart’s History
Forty-two years of growth

Sam Walton, Wal-Mart’s founder, began his discount retail empire in 1962, with one 16,000 square foot store in Rogers, Arkansas. 1962 is generally considered the birth of discount retail because “it is the first year of operation for Kmart, Target, and Wal-Mart.” Before starting Wal-Mart, Sam owned a few small variety stores in Arkansas and Kansas that were losing sales to larger discount chain competitors in the region. Sam traveled across the country researching this phenomenon and decided it was the future of retail. Sam Walton’s discount retail vision is in its forty-second consecutive year of growth.

Sam traveled the [the United States] to study this radical, new retailing concept and was convinced it was the wave of the future. He and his wife, Helen, put up 95 percent of the money for the first Wal-Mart store in Rogers, Arkansas, borrowing heavily on Sam’s vision that the American consumer was shifting to a different type of general store.
WELCOME TO YOUR WAL*MART
Timeline 1962-1969

sales

stores

1 Discount

associates

new divisions

states

AR

countries

U.S.

stock splits

acquisitions

joint ventures

factoids

first Wal-Mart store, Rogers, Arkansas
$12.6 million

24 Discount

AR, MO, OK.

Company incorporates as Wal-Mart Stores, Inc. on Halloween

1967 1968
Timeline 1970-1979

**sales** $44.2 million

**stores** 38 Discount

**associates** 1,500

**new divisions**

**states** AR, MO, OK, KS, LA

**countries**

**stock splits** 2nd: $47.50

**acquisitions**

**joint ventures**

**factoids** Wal-Mart stock first traded as a publicly held company

Wal-Mart stock listed on the New York Stock Exchange

|------|------|------|------|------|------|

$340.3 million

25 Discount

7,500

3rd: $23

Wal-Mart makes first acquisition, 16 Mohr-Value stores

Wal-Mart is the first company to reach $1 billion in sales in such a short period of time: $1.28 billion

Timeline 1980-1989

sales

stores

associates

new divisions

First Sam's Club, Midwest, Okla
First one-hour photo lab opens in Tulsa, Okla

states

AR, MO, OK, KS, LA, TN, KY,
MS, TX, MD, AL, GA, SC, FL,
NE

countries

acquisitions

Wal-Mart makes third acquisition, 92 Kuhn's Big K Stores
Wal-Mart makes fourth acquisition, Woolco Stores

joint ventures

stock splits

4th : $50
5th : $49.875
6th : $81.625

factoids

Wal-Mart opens the largest distribution center to date in Palestine, Texas
People greeter implemented at all stores
Eight consecutive year Forbes Magazine ranks Wal-Mart No. 1 among general retailers

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<td>$8.4 billion</td>
<td>$15.9 billion</td>
<td>882 Discount</td>
<td>1,198 Discount</td>
<td>104,000</td>
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<td>200,000</td>
<td>First Supercenter, opened in Washington, Mo</td>
<td>7th : $47.75</td>
<td>8th : $66.625</td>
<td>Wal-Mart makes fifth acquisition, Grand Central Stores</td>
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<td>Wal-Mart makes sixth acquisition, Supersaver units</td>
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<td>Wal-Mart Satellite Network (largest private satellite communication system in the U.S.) completed, linking all operating units of company and General Office with 2-way voice, data and one-way video communication</td>
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<td>Ninety Percent of Wal-Mart stores have bar-code scanning</td>
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<td>16 Wal-Mart distribution centers</td>
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Timeline 1990-1999

sales

stores

associates

new divisions

states

AR, MO, OK, KSLA,TN, KY, MS, TX, MULAL, GA, SC, FL, NE, IN, IA, NC, VA, WY, ID, MN, WI, WI, CA, NV, ND, PA, SD, UT, CT, DE, ME, MD, MA, NH, NJ, NY

AR, MO, OK, KSLA, TN, KY, MS, TX, MULAL, GA, SC, FL, NE, IN, IA, NC, VA, WY, ID, MN, WI, WI, CA, NV, ND, PA, SD, UT, CT, DE, ME, MD, MA, NH, NJ, NY

AR, MO, OK, KSLA, TN, KY, MS, TX, MULAL, GA, SC, FL, NE, IN, IA, NC, VA, WY, ID, MN, WI, WI, CA, NV, ND, PA, SD, UT, CT, DE, ME, MD, MA, NH, NJ, NY

AR, MO, OK, KSLA, TN, KY, MS, TX, MULAL, GA, SC, FL, NE, IN, IA, NC, VA, WY, ID, MN, WI, WI, CA, NV, ND, PA, SD, UT, CT, DE, ME, MD, MA, NH, NJ, NY, OR, AK, NH, WA

first Sam's Club, Midwest, Okla

first one-hour photo lab opens in Tulsa, Okla

Walmart Intern division for

U.S., Mexico

Canada

stock splits

9th : $62.50

10th : $63.625

acquisitions

Wal-Mart makes seventh acquisition, McLane Company

Wal-Mart makes eighth acquisition, Western Merchandisers, Inc.

Wal-Mart makes ninth acquisition, Pace Warehouse clubs

Wal-Mart makes tenth acquisition, 122 Wool stores in Canada

joint ventures

factoids

Wal-Mart becomes the nation's No. 1 retailer

Wal-Mart becomes International with store in Mexico City

Presidned George Bush presents Sam Walton with the Medal of Freedom

People greeter implemented at all stores

Eight consecutive year Forbes Magazine ranks Wal-Mart No. 1 among general retailers

Prototype s designed to environment friendly as pc in Lawrence Kansas

Sam's American Choice brand products introduced

Sam passes away April 5

1990

1991

1992

1993

1994
$93.6 billion
1,995 Discount
239 Supercenter
433 Sam's Club
276 International

675,000

$105 billion
680,000 U.S.
115,000 International

First Wal-Mart Neighborhood Market, AR
Wal-Mart introduces OneSource nutrition centers

Wal-Mart makes tenth acquisition, 122 Woolco stores in Canada
First joint-venture agreement, Wal-Mart enters China

Wal-Mart makes eleventh acquisition, 21 Wertkauf units in Germany
Second joint-venture agreement, Wal-Mart enters Korea

Wal-Mart makes twelfth & thirteenth acquisitions, 74 Interspar units in Germany and ASDA Group plc, in the UK (229 stores)

Wal-Mart is the largest employer in the world
Wal-Mart ranked No. 1 Corporate Citizen in America in Cone/Roper Report


Mexico, Hong Kong, Canada, U.S., Mexico, Hong Kong, Canada, U.S., Mexico, Hong Kong, Canada, Argentina, Brazil, China, Korea

Mexico, Hong Kong, Canada, Argentina, Brazil, China

AR, MO, OK, KS, LA, TN, KY, MS, TX, MI, MA, GA, SC, FL, NE, IA, MN, WI, VA, WV, CO, NM, WI, MN, WV, IA, WV, ND, PA, SD, UT, CT, DE, ME, MD, MA, NH, NJ, NY, MA, MI, OR, AK, HI, WA, VT
Timeline 2000-2003

sales $244.5 billion

stores 1,568 Discount
1,258 Supercenter
525 Sam’s Club
1,288 International

associates 1,400,000

countries

stock splits

acquisitions

joint ventures

factoids Wal-Mart has biggest single sales day in history: $1.43 billion on the day after Thanksgiving
Wal-Mart has biggest single sales day in history: $1.52 billion on the day after Thanksgiving
The Management Revolution
A shift in economic models

Wal-Mart represents a major shift in economic models. We are now in a Management Revolution that replaces the Productivity Revolution. Under the Management Revolution, the largest companies in the world no longer produce products; instead they are efficient managers of distribution networks. Wal-Mart highlights this phenomenon; it is the first time a retailer is the largest company in the world. Rapidly increasing globalization is largely responsible for this shift. As Wal-Mart's size has increased, its pursuit of lower prices has broadened into the global marketplace and the effects are becoming increasingly difficult to ignore.

Vacant big box stores begin to reveal the perverse consequences of globalization, absent sufficient regulation. Global companies have reached unprecedented sizes and power; in the past Wal-Mart's interests in lower prices seemed harmonious with society's welfare, but today, the company's global business strategy is showing that Wal-Mart's interests are not harmonious with society's welfare. Vacant big boxes are beginning to raise our awareness of the damaging effects of unchecked globalization on communities.
WAL-MART Around the World

沃尔玛遍及全球
Wal-Mart’s big boxes

Wal-Mart Stores Inc. has 606 million retail square feet in 2004 and they will add an additional 50 million square feet in the same year, while simultaneously vacating 190 big boxes. There are four distinct big box store types:

- Wal-Mart Discount
- Wal-Mart Supercenter
- Sam’s Club
- Wal-Mart Neighborhood Market.

Wal-Mart’s domestic big boxes account for the majority of their stores, but Wal-Mart is rapidly expanding internationally with stores in:

- Argentina
- Brazil
- Canada
- China
- Germany
- Korea
- Mexico
- Puerto Rico
- United Kingdom

Wal-Mart Discount big boxes began in 1962 as the original store format. During their lifecycle they have grown nearly 8x bigger, from 16,000 to 125,000 square feet. They offer 80,000 different general merchandise items. Domestically there are 1,568 operating Wal-Mart Discount Stores and 50-55 new ones will be built in 2004. From January 31, 2003 to August 31, 2003 Wal-Mart vacated 74 big box stores and 140 Wal-Mart Discount stores will “go dark” in 2004 as they relocate to larger big boxes as part of Wal-Mart’s growth strategy.
Internationally there are 942 operating Wal-Mart Discount stores and plans to build a mixture of 130 to 140 new discount and supercenter stores in 2004. 30 of these new stores will be relocations of existing stores; 30 stores abroad will “go dark” in 2004, as they relocate to larger big boxes as part of Wal-Mart’s growth strategy.

Wal-Mart Sam’s Club big boxes began in 1983 as membership warehouse clubs for small business owners and they have become the country’s largest membership warehouse. They range in size from 110,000 to 130,000 square feet, offering 4,000 different items. Domestically there are 525 operating Sam’s Clubs and 35 to 40 new ones will be built in 2004. 20 Sam’s Clubs will “go dark” as they relocate to larger big boxes as part of Wal-Mart’s growth strategy.

Internationally there are 71 operating Sam’s Clubs.

Wal-Mart Supercenter big boxes began in 1988 as the combination of a full grocery line and general merchandise for twenty four hour, “one-stop shopping.” They range in size from 109,000 to 220,000 square feet and offer 100,000 different items: 30,000 of which, are grocery items. Domestically there are 1,258 operating Wal-Mart Supercenters and 220-230 new ones will be built in 2004.

Internationally there are 238 operating Wal-Mart Supercenters stores and plans to build a mixture of 130 to 140 new discount and supercenter stores in 2004. 30 of these new stores will be relocations of existing stores; 30 stores abroad will “go dark” in 2004, as they relocate to larger big boxes as part of Wal-Mart’s growth strategy.
Wal-Mart Neighborhood Market big boxes began in 1998 as full grocery line big boxes near Wal-Mart Supercenters that supplement the company's strong food distribution networks. They range in size from 42,000 to 55,000 square feet and offer 28,000 grocery items. Domestically there are 49 operating Wal-Mart Neighborhood Markets and 30 new ones will be built in 2004.

Internationally there are 37 operating Wal-Mart Neighborhood Markets.
Flight to Quality
Wal-Mart faces a contradiction

The “flight to quality” is an economic principal, in which as economies mature, people in them, begin to demand higher quality goods; consequently their demand for lesser quality goods declines. This principal threatens Wal-Mart’s basic strength, low prices. As Wal-Mart monopolizes the market share of all basic goods, it will have to expand into higher quality goods to maintain growth in the United States. Low prices restrict quality levels; Wal-Mart’s ability to maintain low prices and provide high-end quality would be a contradiction in itself. But Wal-Mart may have another solution. “Calculations by the Economic Policy Institute show real wages for most workers flat or falling even as the economy expands.” If people’s disposable income continues to shrink, then more people will be forced to shop at discount retailers.

McDonald’s Fast Food Company is an example of the “flight to quality”. In the early 90's McDonalds suffered as the economy bloomed and its customer's disposable income increased, causing them to demand higher quality foods. McDonalds and other fast food companies responded by expanding their menus to include higher quality items like salads, but for McDonald that was not enough. They ultimately shifted their marketing strategy away from their food and towards a “fun” experience for kids; they added giant playgrounds to the
fronts of all their stores and ran ads emphasizing McDonald's as a bonding experience for a parent and child. McDonalds also responded by opening a new food restaurant, Chipotle Mexican Grill Inc., that provides a higher quality food in a trendy environment. McDonalds does not publicly promote its affiliation with Chipotle, because they cater to different markets.

McDonalds has managed to diversify and adapt its business strategy to counter market loss caused by the “flight to quality”; but large discount retailers, like Wal-Mart, Kmart, and Target have built thousands big boxes on principals of discount retail; when enough economies shift away from discount retail the effects will be devastating.
**Globalization**

Wal-Mart's power

Wal-Mart builds a new store every nineteen hours worldwide. Wal-Mart International had revenues of nearly $41 billion with an increase of 55.8 percent in operating income of same store sales. Wal-Mart notes that after accounting for "goodwill" measures, the increase in profits narrows to 33.7 percent. "Goodwill" is Wal-Mart's term for giving back to the community. In 2003, when Wal-Mart had revenues of $245 billion its total "goodwill" contribution was $150 million, or .06 percent of its revenues. Wal-Mart increased spending on "goodwill" measures abroad is indicative of discount retail strategies.

Typically when discount retailers enter a new market they will take initial losses to ensure they outperform their competitors. A common practice is to hire twice as many employees as they plan to keep. The additional employees will provide a combination of better service and low prices until the competition has lost its customers. Once the competition has closed, the discounters will reduce their staffs, stop incurring
losses, and begin making profits.\textsuperscript{38} Internationally Wal-Mart is making as gently an introduction as possible. Currently Wal-Mart’s International big boxes are more responsive to social pressures by addressing environmental and social concerns. A new Wal-Mart in Mexico is two stories tall, allowing parking to be more efficiently placed below the store, reducing the stores footprint, heat gain, and water run-off loads by 50 percent. While Wal-Mart is trying to break into new foreign markets, they are making concessions they refuse or at least have not been forced to make in established domestic markets.

Wal-Mart’s international acceptance is not surprising. It is a leader in communications and on the forefront of globalization with the largest private satellite communication system in the U.S. Furthermore, its low prices have protected Wal-Mart from significant antitrust regulations. “When Wal-Mart comes in and people desert downtown because they like the selection and low prices, it’s hard for people in the antitrust community to say we should not let them do that,’ says New York University law professor Harry First.” Wal-Mart’s freedom from antitrust barriers, extensive networks and size give it power to demand low prices from its 21,000 suppliers worldwide.\textsuperscript{39} Developing countries serve Wal-Mart two-fold: as suppliers of inexpensive products assembled by their cheap labor and as new markets for Wal-Mart’s expanding discount retail.
Wal-Mart wields its power for just one purpose: to bring the lowest possible prices to its customers. At Wal-Mart, that goal is never reached. The retailer has a clear policy for suppliers: On basic products that don’t change, the price Wal-Mart will pay, and will charge shoppers must drop year after year. But what almost no one outside the world of Wal-Mart and its 21,000 suppliers knows is the high cost of those low prices. Wal-Mart has the power to squeeze profit-killing concessions from vendors. To survive in the face of its pricing demands, makers of everything from bras to bicycles to blue jeans have had to lay off employees and close U.S. plants in favor of outsourcing products from overseas.40

Of course, U.S. companies have been moving jobs offshore for decades, long before Wal-Mart was a retailing power. But there is no question that the chain is helping accelerate the loss of American jobs to low-wage countries such as China. Wal-Mart, which in the late 1980s and early 1990s trumpeted its claim to “Buy American,” had doubled its imports from China in the past five years alone, buying some $12 billion in merchandise in 2002. That’s nearly 10% of all Chinese exports to the United States41.
One way to think of Wal-Mart is as a vast pipeline that gives non-U.S. companies direct access to the American market. “One of the things that limits or slows the growth of imports is the cost of establishing connections and networks,” says Paul Krugman, the Princeton University economist. “Wal-Mart is so big and so centralized that it can all at once hook Chinese and other suppliers into its digital system. So—wham!—you have a large switch to overseas sourcing in a period quicker than under the old rules of retailing.\textsuperscript{42}

Wal-Mart controls a large and rapidly increasing share of the business done by most major U.S. consumer-products companies: 28% of Dial’s total sales, 24% of Del Monte Foods’, 23% of Clorox’, 23% of Revlon’s.\textsuperscript{43}
“The Wal-Mart Effect”

Wal-Mart’s social, political, economic, and cultural consequences

**Economic Effects**

Wal-Mart’s pursuit of efficiency and low prices has dramatic effects worldwide.

McKinsey estimates that an eighth of the productivity gains in the late 90’s came from Wal-Mart’s drive for efficiency, and the discounter has been at least partly responsible for the extraordinarily low inflation rate of recent years. Its $12 billion in imports from China last year accounted for a tenth of total U.S. imports from that nation.45

In its relentless drive for lower prices, Wal-Mart homes in on every aspect of a supplier’s operation—which products get developed, what they’re made of, how to price them. It demands that every savings be passed on to consumers. No wonder one consultant says the second-worst thing a manufacturer can do is sign a contract with Wal-Mart. The worst? Not sign one.46

Acme Grinding is closing in Rockford, Ill. Its “customers have been vanishing and [its] work force has shrunk from 40 to 4.” The business and more than 40 machines were sold “for pennies on the dollar, . . . less than what it cost to buy just one of these machines.”47
“More than 11,000 jobs have disappeared in and around Rockford in the last three years, and many are not expected to return.”

“Motorola shut down a big repair plant . . . [and is] eliminating more than 1,000 jobs, even as it invested $1.9 billion in a new electronics factory in China.”

“Textron is closing several factories that make metal fasteners. And industrial parks are swimming in ‘for sale’ and ‘for lease’ signs.”

Manufacturers have been shedding jobs in the United States for decades, moving plants to low-wage countries or squeezing ever more production from fewer workers at home. But the process accelerated recently, with manufacturers trimming a whopping 2.8 million jobs over the last three years alone. A study by the Federal Reserve Bank of New York concluded that more than half of those job losses stemmed from structural changes and were likely to be permanent.

“We are in a global economy, and we are in the throes of a major transformation,” said Robert Levin, executive director of the Council of 100, a business-promotion group here.

“We’ve been through downturns before, but this time it’s different, said Malcolm Anderberg, owner of Dial Machine Inc., which does contract manufacturing. “This time, the work is leaving
the country, and is not coming back.”

Toys ‘R’ Us will close 146 Kid “R” Us stores, 36 Imaginarium educational toy stores by January 31, 2004.

“It was a disappointing season for the toy business,” said Jim Silver, publisher of Toy Wishes magazine. “It could have been a lot better, but the pricing of toys at or below cost created havoc and destroyed profit margins.”

“Discount retailers have increasingly dominated toy selling. Wal-Mart Stores Inc., the world’s largest company, is the No.1 toy seller. Wal-Mart kicked off the holiday season by slashing prices on toys. Target Corp. and Toys R Us also cut prices.”

What’s more, discounters use toys as a loss leader, selling them at rock-bottom prices, and making up the profit on sales of other items.

Wal-Mart’s pricing strategy created deflation in toy prices, killing profit margins for other retailers, Silvers said.

There is concern that extreme discounting
cheapens brand names, and slows research and development.\textsuperscript{59}

F.A.O. Schwarz declared bankruptcy twice in 2003 and will be sold off in 2004. Wal-Mart slashed prices on toys and surpassed Toy “R” Us in toy sales in 1998\textsuperscript{60}

Barnes & Noble “investors have certainly warmed to Barnes & Noble, the largest American bookseller, in part because it has adapted in a difficult environment.” “Wal-Mart may sell more copies of some blockbuster books, . . . but Barnes & Noble isn’t threatened, said David Magee, an analyst at Sun Trust Robinson Humphrey. “The discounters really compete in a rather narrow segment of the book marketplace,” he said. “Best sellers tend to be less than 5 percent of Barnes & Noble’s sales.”\textsuperscript{61}
In the name of protecting customers, Wal-Mart has forced magazines to hide covers it considers racy and has booted others off its racks entirely. It won’t carry music or computer games with mature ratings. Record companies sell Wal-Mart sanitized versions of CD’s. Elsewhere in the store, the chain declines to sell Preven, a morning after-pill. Most locations do offer inexpensive firearms.\endnote{62}
Cover Story
100 Wal-Mart: Too Powerful?
Its "everyday low prices" strategy has made Wal-Mart the most successful retailer ever. But its dominance has created unintended problems—for suppliers, workers, communities, and even American culture

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**Social Effects**

A Vacant Wal-Mart Every 3 Days

On average, in 2003, a Wal-Mart Discount store “went dark” every 3 days as part of the company’s growth strategy and there remain 367 vacant Wal-Mart big boxes in the United States in 2004. Wal-Mart began vacating their smaller discount stores in 1988 with their shift towards bigger supercenter stores. These vacancies account for an untold additional number of former Wal-Mart big boxes, which have expired leases, and are no longer in Wal-Mart’s possession. Wal-Mart’s development director, Larry Patrick, explains that he gets calls every week from people complaining about vacant Wal-Marts in their neighborhoods, but he explains that not all of the vacant stores are still Wal-Marts, most have expired leases and are the responsibility of their landlords. The “dark” Wal-Marts that do have lease contracts sit vacant while the landlords continue to collect rent with no financial incentive to break their lease. Larry pointed out one store Wal-Mart closed only five years after opening, leaving Wal-Mart with 15 years left on its lease. Another big box that Wal-Mart owns, Larry explains, has been vacant for more than ten years. As Wal-Mart’s growth strategy includes nearly 200 store closings a year, they have changed their store lease strategies.

A closed Wal-Mart Discount store at 14550 Beechnut Street, in Houston, Tx, will cost Wal-Mart $623,664 annually until its lease expires in 2005 and the vacant big box becomes the landlord’s problem.
Wal-Mart’s Lease Strategies

Up until 1998, Wal-Mart primarily leased their stores in-order to maximize their capital spending for new construction. Typically Wal-Mart would build a store and then sell it to a developer with a 20-year leaseback contract. In 1998 Wal-Mart stopped using the 20-year leaseback contracts and shifted to ownership of their new stores. Wal-Mart will make exceptions and lease from a developer with buy-out options, if the developer offers them a price significantly below market value. A developer would offer this price because Wal-Mart would be the anchor store in a larger strip center, allowing the developer to charge higher rents from the other tenants to cover losses with Wal-Mart. Wal-Mart’s last 20-year lease will end in 2018 and Wal-Mart will be freed from all of its leases on stores it has vacated.
Wal-Mart Realty

Wal-Mart has 95 billion dollars in assets, the majority of which are in real estate. Wal-Mart Realty is part of Wal-Mart's redevelopment team that manages its 367 domestic "dark" properties. Larry explains that the redevelopment team is actively trying to break lease agreements on vacant stores and to market properties as soon as Wal-Mart decides to close a store, months before it actually closes.

The redevelopment team claims to help facilitate new tenants to take over Wal-Mart's vacant properties. In ten years, from 1993 to 2003, the redevelopment team has partially or fully redeveloped 81 of their vacant properties. New tenant programs include:

- Churches
- Call Centers
- Storage
- Offices
- Medical
- Automotive
- Schools
- Distribution
- Conference
- Production
- Civic
- Training
- Fitness
- Recreational

None of the new programs compete with Wal-Mart, which raises questions about Wal-Mart Realty's marketing strategies. In ten years, on average, Wal-Mart has partially or fully redeveloped a vacant big box every three months, while from January 31, 2003, to August 31, 2003, Wal-Mart has, on average, vacated a store every 3 days.
REAL ESTATE, REAL EASY

With available properties across the nation, Wal-Mart Realty is the name to know when you're seeking a new space for your business. Whether you are interested in purchasing outparcels or buildings, or leasing space, we can handle the process from start to finish. Our experienced team of real estate professionals and architects will work with you to create a customized building in a proven high-traffic location. We'll even work with local government agencies to find maximum tax benefits for your business.

After all, community values are what we're all about.

SKY'S THE LIMIT:
The only limits in designing Clear Channel's Little Rock, Arkansas facil- it's the ideal setting to perfect emerging technologies in broadcasting.
Government Bans
Wal-Mart's political effects

Wal-mart has been banned from three areas in California. Los Angeles and San Diego are considering banning them. Contra Costa County was the first to ban supercenters and on October 23, 2003, Oakland, California, became the second area in California to ban Wal-Mart supercenters, saying “they would threaten smaller stores and depress wages.” Oakland is across the bay from San Francisco and it has banned “any ‘big box’ retailer with more than 10,000 square feet of nontaxable sales, which typically means floor space devoted to selling groceries.” . . . “Oakland has a lot of neighborhood stores,” said Oakland city council member Jane Brunner, who said, “the move banning the supercenters was designed to protect those smaller outlets and their employees.” She cited ABS research estimates showing “the average Wal-Mart sales clerk earned between $7 and $8 per hour, while the average wage for a check-out clerk at the Albertsons Inc. chain was $18 an hour.”

The second ban of supercenters in California came days after the October 11th grocery workers’ strike, when 70,000 grocery workers in Southern California and other parts of the country went on strike to “prevent middle-class service jobs from turning into poverty-level ones.” Wal-Mart’s nonunion labor and illegal use of immigrant labor allows it to operate at lower costs than its competitors. As long as Wal-Mart’s business practices remain unchecked, its competitors will either go bankrupt or follow suit, lowering wages, benefits, and the quality of life in America.
With a global workforce of 1.4 million, Wal-Mart plays a huge role in wages and working conditions worldwide. Its hard line on costs has forced many factories to move overseas. Its labor costs are 20% less than those at unionized supermarkets. In 2001, its sales clerks made less, on average, than the federal poverty level.66

Wal-Mart’s huge advantages in buying power and efficiency force many local rivals to close. For every Wal-Mart supercenter that opens in the next five years, two other supermarkets will close. And because the chain often extracts tax breaks, some economists believe that Wal-Mart’s entry into a community doesn’t result in any net increase in jobs and tax revenue.67

Ironically, the most recent ban in California was a resulted of ballots distributed as part of Wal-Mart’s first $1 million dollar publicity campaign to build a store and bypass city laws. The citizens of Inglewood, California were upset by Wal-Mart’s attempt to infringe on their rights and were worried about the company hurting their local economy.

The proposal would essentially exempt Wal-Mart from all of Inglewood’s planning, zoning and environmental regulations, creating a city-within-a-city subject only to its own rules. Wal-Mart has hired an advertising and public relations firm to market the initiative and is spending more than $1 million to support the measure, known as initiative 04-A68
Wal-Mart’s Public Image
Lawsuits, criminal charges, and public disapproval

Two years before the Federal Government raided Wal-Mart stores in three states and charged Wal-Mart with using illegal immigrants, Wal-Mart had began running three ads nationwide “that portray it as a great place to work.” It is the first time that Wal-Mart, known for parsimony in its business practices, has invested in ‘reputation research’ – using polling techniques, focus groups and phone interviews – and then spent more money to try to repair the distressing aspects of what it found.” The research found that “many people view Wal-Mart as a place of dead-end jobs, and that its performance as a corporate citizen leaves much to be desired. They didn’t see us as involved in the community as they might like; Wal-Mart’s chief spokesman, Jay Allen said.” The company recognizes a need to make changes, but Mr. Allen concludes “we need to do these things at the same time, we can’t change who we are. We can’t change what makes Wal-Mart Wal-Mart.”

Community opposition to building Wal-Mart stores has been vociferous in some places, and muttering is heard from time to time among manufacturers, which say they are being constantly pressed to sell their goods to Wal-Mart at low prices.
Wal-Mart's 2003 Annual Report explains "the Company is involved in a number of legal proceedings, including antitrust, consumer, employment, tort, and other litigation." It goes on to explain, in one of two pages of lawsuits, "The Company is the defendant in thirty-three putative class action lawsuits, in thirty-one states, in which the plaintiffs allege that the Company violated the Fair Labor Standards Act, corresponding state laws, or both."
Vacant big box stores have become common sites in communities across the United States. One in five closed stores is reused within a year of its closure, but a number of discount retail factors are making discarded big box stores more difficult to reuse. Discount retailers are the largest producers of big box stores. Their economic models continually demand larger stores and increasing rates of new store construction to maintain financial growth. Bigger buildings prevent smaller tenants from leasing spaces and the increasing number of new big boxes lessens the demand for empty ones. Some developers have repartitioned stores into more marketable sizes, but a single repartition is between $250,000 and $300,000 dollars. High redevelopment costs encourage prospective tenants to build new, instead of reusing the old. Complex lending agreements to build and lease big boxes frequently lock tenants into twenty year leases that are contingent upon a discounter's high credit rating.

Traditionally rival discounters and weak economies have been responsible for store closings, but today the most powerful company in the world is closing stores as part of its growth strategy. Wal-Mart Stores Inc. is the fastest growing discount retailer; it is representative of the Management Revolution that replaces the Productivity Revolution. Under the Management Revolution, the most powerful companies are efficient managers of distribution networks instead of producers of products. Wal-Mart’s efficiency has ironically increased the number of big box stores they close. On average, from 1995 to 2003, Wal-Mart closed five big boxes a month, but during the last six months, Wal-Mart has closed a big box every three days domestically.
In 2004, as part of Wal-Mart’s growth strategy, on average it is opening a new big box every nineteen hours worldwide and is closing one every 52 hours; Wal-Mart plans to maintain current annual growth of fifteen percent and reach $600 billion in revenue for 2011. Wal-Mart’s and other discount retailers’ rapid production of big box stores is exacerbating the problem of vacant big boxes for the future.

To understand the scope of big boxes’ impact, even if Kmart, (1,829 operating and 482 closed\(^3\) stores), Wal-Mart (4,750 operating 367 closed)\(^4\), and Target (1,147 operating 20 closed)\(^5\) stopped producing big boxes today, they would still leave 8,595 big boxes open or closed across the United States. Using an average big box size of 127,579 square feet, which is the product of taking Wal-Mart’s 606,000,000 current retail square feet and dividing it by its 4,750 stores, the 8,595 big boxes total 1,096,541,505 square feet. Using an average of thirteen acres and 625 parking spaces per store (5 per 1,000 square feet), the combined stores are responsible for 111,735 acres of impervious surfaces and 5,371,875 parking spaces. Assuming that discount retail continues its current economic growth, it will begin discarding some of these stores within the next five years and most will be empty by 2034.

Cities currently are faced with more vacant big boxes than our markets can sustain. In the future, as discount retailers continue to produce and discard big boxes, our cities will become increasingly dominated by big box building types. Proportionate to the increasing numbers, our water run-off loads and heat gain loads will increase and the spatial density of cities will be compromised by the voids of vacant big boxes. Critics of big box retail complain about active stores’ homogenizing effects, but imagine the effects on our communities as more big boxes are abandoned as discount retail waste—it’s COMING SOON!
Solutions
Hope for our future

The invisible story of discount retail is being revealed and the public is fighting back. Wal-Mart has acknowledged their public disapproval. Wal-Mart's new CEO, David Glass announced April 1, 2004, that:

"We're tired of being on the wrong side of the community-building equation."

Research studies have shown that discount retailers hurt local economies. Today people are becoming better educated about the damaging effects of big box retailers. By increasing public awareness of the hazards of companies like Wal-Mart, cities have successfully begun to ban Wal-Mart supercenters and hinder a previously unchecked monster.

In April 2004, for the first time ever, Wal-Mart spent over $1million dollars on a publicity campaign to open a single store in Inglewood, California. The community saw through Wal-Mart's propaganda and voted Wal-Mart out. At the same time, on the east coast, Wal-Mart's CEO announced that the company would start introducing independently owned smaller stores in America's largest cities and that they would start working with local farmers to produce crops for their grocery produce. These measures may sound like the tide is turning in discount retail, but they must be understood in the context of Wal-Mart's interests.

It is great that Wal-Mart is beginning to address the public's concerns, but this is only after years of fighting, bans and protests. We must continue to check Wal-Mart's growth to ensure that they do not continue to damage our local economies and landscapes.
As a society, we must understand the scope of Wal-Mart’s commitment to change. We must not accept change in only the largest cities; we must push for change across the board and spread the knowledge of the detrimental effects of discount retail practices. We must push for legislation promoting corporate responsibility. Companies must be responsible for their waste.

Architecturally we must recognize the increasing influence of big box retail stores on our urban landscapes. We must look for opportunities to redevelop abandoned stores as they will continue to fill our cities, and we must look for alternative construction techniques to accommodate discount retail’s fickle building needs. Architects must step forward and create new design solutions that reduce the current waste in discount retail. Our current design techniques are out-dated; let’s rise to the challenge and provide an architectural solution.
Footnotes

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## Door Schedule

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### Door Types

- **1/4" Plate**
- **1/2" Plate**
- **3" x 1/2"**
- **1/2" x 3"**
- **2 1/2" x 2 1/2"**
- **4" x 4"**

**Notes:**

1. Pharmacy doors 33.
2. 1/2" door required.
3. Glass panel and ext. hardware on one door.
4. No glass panels—provide alarm lock & panic device.
“Going dark”
Parting shots