

## *The Case Against Sprawl*

(from the book "[Slam-Dunking Wal-Mart](#)")

by Al Norman

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"Becoming the world's largest retailer was never considered. And being big has never been the goal."

--Wal-Mart, 1996 Annual Report

America is drowning in retail glut--and we wouldn't have it any other way. As the Discount Store News proclaimed in 1994: "Welcome to the United States of Wal-Mart." Despite what they say, being big has always been the goal at Wal-Mart.

Wal-Mart claims that more than 93 million Americans shop at Wal-Mart every week. Sales at Wal-Mart for the year ending February, 1999 totalled \$137 billion. According to economist Tom Muller, the average American household spends around \$1,100 a year at a Wal-Mart. Wal-Mart says in 1996 that the average American spent \$360 at their stores.

Wal-Mart is the largest seller of cheap underwear in the world. The company boasts that in 1996, it sold 1.13 pairs of underwear for every man, woman and child in America. My family of five did not shop at Wal-Mart in 1996, so I figure that some family out there bought an extra 5.65 pairs of underwear, and my guess is that those underwear are sitting unwrapped in someone's drawer--because they are too embarrassed to admit that they purchased more than their fair share.

As of February, 1999 Wal-Mart operated more than 3,562 "units" in seven countries. Wal-Mart is the largest private employer in America, having surpassed General Motors. The company had 910,000 employees as of the start of 1999. Last year, a new Wal-Mart discount store opened every three days, and another 200 stores are planned for this year. It took Home Depot 20 years to open 500 stores, but they plan to open another 500 stores over the next 3 years.

All across America, consumers are making decisions every day that impact the environment they care the most about: that 10 or 15 mile radius that circumscribes most of our daily living. This is our "personal environment". It has more immediacy and relevance to most of us than any other environmental movement today. The personal environment is, after all, where we spend 90% or more of our time. It is the well-worn path to and from work, back and forth from the grocery store, or the shops downtown. Home to mall--and back again. We are acutely sensitive to changes in this environment, and to its degradation. It has more meaning for us than any "checkbox" environmental cause. we can "think globally" about ozone depletion, but there are few causes in our own hometown that allow us to "act locally".

Yes, we want to save the whales. Yes, we want to save old growth forests. But attack our "personal environment"--and watch out! We are the most defensive when it comes to defending our home territory. The construction of land-devouring, windowless hulks of dead architecture in our hometown is like insulting our Mother! How else can you

explain hundreds of citizens showing up to testify at a Zoning Board hearing? From Kanawha City, WV to Tijeras, NM, we sit through hour after hour of dry testimony from traffic engineers and hydrologists--all because our home is being attacked, our personal environment is on the line. In many cases, citizen activists have derailed big corporations, or held them at bay for years. The key factor in these confrontations is that we sense that the future of our personal environment, and that of our children, depends on us. It's a matter of home rule. This is one battle where we make a difference.

The massive invasion of overstuffed retail stores is a hands-on environmental, economic and social issue, which has provoked a widespread citizen response. Retail redundancy, which accelerated in the 1980s, but became grotesque in the 1990s, has created thousands of accidental activists--people who never planned on fighting off a multinational corporation--determined to stop a problem too swollen to hide anymore. We can hear the sound of land being chewed up by the yellow corporate caterpillars. There, squatting on the edge of our community, we can see the problem. We pass it on our way to and from work. This is not the distantly understood destruction of a remote rainforest--this hits where we live. As one woman from Ohio told me: "The first thing we smelled was the burning of trees."

Environmental and land use issues have moved to the forefront of this debate, as citizens pour through zoning by-laws and wetland commission regulations looking for obscure tripwires that could bring down a project. In 1998, Home Depot and Wal-Mart alone built more than 250 stores, or more than 33 million new square feet of retail space in a nation that is already saturated to the bone with plazas and malls. Assuming that each store represents a trade area of at least 40,000 people, more than 10 million Americans will find themselves reading headlines about Home Depot or Wal-Mart in their local newspaper. The massive glut of capricious construction raises serious environmental and economic issues such as:

- \* the impact of traffic on air quality standards
- \* the threat to water quality and aquifers
- \* the mismanagement of stormwater and sewage
- \* the reduction of wildlife habitat
- \* the loss of open space and unique natural areas
- \* the homogenization of rural landscapes
- \* the expense of costly new infrastructure
- \* the deterioration of historic commercial centers
- \* the overdependence on the automobile and superhighways

"Sprawl" is defined by the National Trust for Historic Preservation as "poorly planned, low-density, auto-oriented development that spreads out from the center of communities." It creates that doughnut effect in some cities where acrylic and asphalt suburban shopping malls form a ring around the dead center, where the old downtown sits decaying. Between 1960 and 1975, the state of Pennsylvania lost a total of 3,600,000 acres of farmland. That's like losing a geographic area the size of Pittsburg every six months. At the opening of the Wal-Mart store in Rutland, VT, a man dressed in a neat suit carried a doomsday sign that simply read: THIS IS STUPID!

Here is how the Bank of America, California's largest financial institution, described the impact of sprawl in that state:

Urban job centers have decentralized to the suburbs. New housing tracts have moved even deeper into agricultural and environmentally sensitive areas. Private auto use

continues to rise. This acceleration of sprawl has surfaced enormous social, environmental and economic costs, which until now have been hidden, ignored, or quietly borne by society. The burden of these costs is becoming very clear. Businesses suffer from higher costs, a loss in worker productivity, and underutilized investments in older communities.

California's business climate becomes less attractive than surrounding states. Suburban residents pay a heavy price in taxation and automobile expenses, while residents of older cities and suburbs lose access to jobs, social stability, and political power. Agriculture and ecosystems also suffer....We can no longer afford the luxury of sprawl.

Part of the mythology about Sam Walton is that he located stores in smaller towns because his wife Helen did not like the big cities. But I believe that Walton did not want to wrestle with big city developers and saturated markets. Besides, land was cheap in rural America. There were less zoning restrictions--sometimes no zoning at all. Walton sensed that Americans were moving out of the urban core and heading to suburbia. "Our key strategy," Walton wrote, "was simply to put good-sized discount stores into little one-horse towns which everybody else was ignoring...It turned out that the first big lesson we learned was that there was much, much more business out there in small town America than anybody, including me, had ever dreamed of."

But small town America started learning a "big lesson" also--one that took years to sink in: saturated retail markets bring deterioration and decay. With retail sprawl development comes a series of economic and social problems for host communities. Sprawl is often mistaken for economic development, and the people it affects the most are least likely to understand it.

## **The 10 sins of retail sprawl**

- \* It destroys the economic and environmental value of land
- \* It encourages an inefficient land-use pattern that is very expensive to serve.
- \* It fosters redundant competition between local governments, an economic war of tax incentives.
- \* It forces costly infrastructure development at the edge of towns.
- \* It causes disinvestment from established core commercial areas.
- \* It requires the use of public tax support for revitalizing rundown core areas.
- \* It degrades the visual, aesthetic character of local communities.
- \* It lowers the value of other commercial and residential property, reducing public revenues.
- \* It weakens the sense of place and community cohesiveness.
- \* It masquerades as a form of economic development.

The violation of our personal environment by sprawling retail development leads to an alienation from community, a sense of isolation and disconnectedness. When mall developers created interior spaces to shop, they gave them names like "Village Square", or "The Main Street Shops", hoping to console us for the loss of the real commercial centers they were destroying. In Disneyworld artisans have created an acrylic Main Street facade, where they hand out pins that celebrate "Main Street, USA". These pins have a picture of Mickey Mouse on the front, riding an old-fashioned big-wheel bicycle, tipping his straw boater hat. But stamped on the back of the pin it says: "©Disney Taiwan".

The sprawl corporations are waging a war of indoctrination. They need us as

accomplices in the destruction of our own hometowns. In 1997 Home Depot was able to spend \$178 million on self-congratulatory advertising. What we ultimately have to do is convince our friends and neighbors that there is a politics of shopping. That is does matter to your hometown where you shop.

The big box corporations lay the blame at our feet. First, Wal-Mart says it needs bigger stores because its customers demand wider aisles. Then it says it needs smaller stores because its supercenters are "too busy and not convenient". Most of what we buy at Wal-Mart are unplanned purchases, and most of these items end up in the landfill anyway. A psychologist might argue that as our lives become emptier, our shelves become fuller. This 'shop till your community drops' mentality is imploding our own hometowns. We see the results, but apparently are not moved by them--even when the evidence is all around us, as 60 Minutes noted:

In Iowa, ten years after Wal-Mart came to the state, nearly half of the men's' and boy's clothing stores, and grocery stores...closed. That's an enormous impact on a state in only ten years.

When Iowa State University Professor Ken Stone examined the sales changes in Iowa small towns from 1983 to 1993, he discovered "a huge shift of sales to larger towns and cities, with substantial amounts captured by mass merchandise stores." Stone estimates that the total number of businesses lost in small towns and rural areas was 7,326 in the decade studied. Iowans spent \$425 million more at discount stores, but \$153 million less at variety stores, \$129 million less at grocery stores, \$94 million less at hardware stores, \$47 million less at men's and boys apparel stores, and so on. In the 11 store types studied, businesses lost more than \$603 million in sales. In this ten year period, Iowa lost:

- 555 Grocery stores
- 298 Hardware stores
- 293 Building Supply Stores
- 161 Variety Stores
- 158 Women's Apparel stores
- 153 Shoe Stores
- 116 Drug Stores
- 111 Men's and Boys Apparel store

People have said to me: "When Wal-Mart arrives, they hit the town with the force of 100 new businesses opening at once". The demise of smaller, independent businesses in Iowa suggests that the "retail hurricane" theory is true. Stone reaches a similar conclusion:

The shopping habits of consumers fundamentally change after the introduction of discount mass merchandisers. They purchase much more of their merchandise at mass merchandisers and less at local merchants. The result is the loss of many stores across the state.

According to the International Council of Shopping Centers:

- \* Discount department stores, conventional department stores, and toy stores are store types where three or fewer companies capture 50% or more of sales.
- \* The top three building materials and supply stores now control 31% of the market (\$32 billion in sales).

- \* The same with the top three drug stores: 33% of the market (\$30 billion in sales).
- \* Between 1987 and 1992, the number of discount department stores increased annually by an average of +3%, while men's and women's shoes stores dropped an average of -6%, household appliance fell by -3%, and grocery stores, Radio & TV stores, drugstores, building materials stores, apparel stores--all were in the negative column.

The impact of big stores has also been felt in the manufacturing sector. For example, in the apparel industry, America has literally lost its shirt. Between 1973 and 1996, America lost nearly half of its apparel manufacturing jobs. A total of 597,000 jobs were lost during the 23 year period. The same can be said for the shoe industry, or for the pharmacy industry. 90% of the shoes sold in America today are imported. During this same period, discount superstores rose dramatically.

Wal-Mart likes to underplay its market share by using the nation as its trade area. Here's what David Glass, Wal-Mart's President said in the company's 1997 Annual Report:

In the United States, Wal-Mart only holds 7% of a \$1.4 trillion retail market. That leaves a tremendous opportunity for future growth. The supermarket industry, amounting to \$425 billion a year, is a great opportunity for continued growth. It's almost three times the size of the discount store industry, where Wal-Mart is one of the three retailers that, combined, hold almost 85% of the market. Yet in the grocery segment, the top five players constitute less than 25%.

When Glass says Wal-Mart has a 7% share of the retail pie in America, he's talking about ALL retail sales of any kind, from gasoline to tomatoes, from paperclips to lip-balm. But in the discount store wars, three companies own the field. At the local level, however, where a retail trade area might span only a 20 square mile radius, the impact of one or two big box stores can be devastating to the rest of the retailers. Consider the study done by the San Diego Union-Tribune of the home improvement market in San Diego County. The survey asked consumers where they made their most recent purchase of common items. The results showed Home Depot has an astonishing hold over the county marketplace:

	<b>Home Depot's Share of the Market</b>		
<b>Product Most Recently Purchased</b>	<b>Jan-June, '94</b>	<b>Jan-June, '95</b>	<b>Jan- June '96</b>
Garden Care Products	41.5%	46%	51.1%
Hand/Power Tools	42.4%	49.6%	45%
Building Materials	72.2%	70.9%	75%
Interior Paint	43.1%	50%	48%
Exterior Paint	41.8%	43.6%	50%

Economist Tom Muller estimates that in 1994 Wal-Mart in Arkansas had captured \$1.2 billion out of a \$4 billion market in department store merchandise sales. "Thus, Wal-Mart had captured 30% of all department store sales." In Mississippi, Wal-Mart sales in 1992 were 23% of all department store sales in the state.

When Wal-Mart says "one stop shopping", you should read that statement very literally. These big corporations want to be the ONLY place you and I shop. It's the Tennessee Ernie Ford theory of retailing: You will owe your soul to the Company store. In 1994, a

retail analyst at Management Horizons made this tongue-in-cheek prediction about Wal-Mart:

If Wal-Mart grows in the next eight years as it has in the previous eight, it will control 100% of general merchandise sales in the United States; if it grows in the next 16 years as it has in the previous 16 years, it will control all of the non-auto retailing volume in the United States; if the same growth pattern for the next 24 years is like the previous 24 years, Wal-Mart will control all of the county's Gross Domestic Product.

That may have seemed like a joke in 1994, but Wal-Mart now has more sales than the Gross Domestic Product of Israel, Greece, Ireland and Egypt. A Price Waterhouse report says that by the year 2005 just 10 companies, including Wal-Mart, will control 50% of food store sales.

What's happening here? More money is passing through fewer hands. This suggests that stores like Wal-Mart and Home Depot are not the beginning of competition--but the end of competition. According to an International Council of Shopping Centers report in 1998:

Numerous store types that are key elements in U.S. shopping centers are dominated by a small group of retailers in each category that register a third or more of their respective category's total U.S. sales....as fewer firms exercise increasing sales dominance within their respective store types...the pricing power that will accrue to the largest retailers will likely make it difficult for large numbers of new, small operators to take root and thrive...

The fact remains, we are over-built and over-stored. The attitude among the development community is that land is superabundant, and the municipal officials who make the key decisions are all Village Idiots. One of the most prolific Wal-Mart developers in New England calls his limited partnerships "Infinity Properties". Every time these developers come before a Planning or Zoning Board, they make their projects sound like they were written in Lake Wobegon, where all the site plans are good looking, and the economic impacts above average.

The symptoms of retail saturation are everywhere:

- \* We have more than 4,000 abandoned shopping malls in America.
- \* We have more shopping centers than high schools.
- \* We have 20 square feet of retail space for every man, woman and child in America, up from 14.7 s.f. per person in 1986, compared with 2 s.f. per person in Britain.

If you phone City Hall in Toledo, Ohio, they answer by saying: "Toledo, Ohio, An All-American City." The effects of suburban sprawl in Toledo are certainly all-American. When I went for a walk in downtown Toledo, I passed the old Lamson dry goods store: 9 stories of empty retail space. Each floor is the size of a football field. The building served as the home of a Macy's Department store from 1924 to 1984. For the past fourteen years, the store has been empty. The City now owns it, which means the taxpayers of Toledo are paying the freight for its upkeep. Meanwhile, on the edge of the city, Home Depot is building its second huge warehouse store, each only five miles apart. The city actually let Home Depot demolish dozens of apartments to make way for the second Home Depot. A stone's throw away from the Home Depot construction site sits an empty Builder's Square, and across the road, an empty Handy Andy. These are all monuments to the inefficiency of retail sprawl. The strip malls of Toledo have literally

stripped downtown Toledo of its people, and its character--at the expense of the all-American taxpayers.

Even the people who produce all this sprawl admit that we have more retail stores than our disposable income can absorb. Here's Wal-Mart's confession in 1996 taken from a court deposition in North Carolina of Tom Seay, at the time Wal-Mart's Vice President for Real Estate:

"We have more shopping center space in the U.S. than is needed. We're in an over-built situation."

It's not as if we haven't been warned about the impacts of sprawl. Nearly 80 years ago, Sinclair Lewis in *Main Street* warned us about the homogenization of our culture:

Nine-tenths of the American towns are so alike that it is the completest boredom to wander from one to another....The shops show the same standardized, nationally advertised wares; the newspapers of sections three thousand miles apart have the same 'syndicated features'; the boy in Arkansas displays just such a flamboyant ready-made suit as is found on just such a boy in Delaware, both of them iterate the same slang phrases from the same sporting-pages, and if one of them is in college, and the other is a barber, no one may surmise which is which.

In her 1961 book, *The Death and Life of Great American Cities*, Jane Jacobs wrote:

"Everyplace becomes more like every other place, all adding up to Noplace."

Big box retailers are turning America into a continuous landscape of one-story, pre-engineered, windowless metal frame buildings sitting on concrete slab foundations. Such buildings can simply be described as "dead architecture".

## **The Portable Wal-Mart**

As quietly as Wal-Mart tries to slip into a town, sometimes they try to leave just as noiselessly.

"Quite frankly," said Tom Seay, Wal-Mart's former Executive Vice President for Real Estate Construction, "I think the fact that we relocate stores--and we relocate a lot of them--is a well-known fact in the development community..." Just how portable Wal-Mart is, however, is not well known by the shopping public. In their 1998 Annual Report, Wal-Mart featured a short profile of their Real Estate division, under the title: "The Wal-Mart nobody knows." According to the company, Wal-Mart is the "largest owner and manager of retail space in the country."

Like a reptile crawling out of its skin, Wal-Mart has shed hundreds of stores to move onto bigger facilities. Most of these relocations have been in towns where Wal-Mart shuts down a discount store to open up a larger supercenter a few miles, or even blocks, away. "As (Wal-Mart) rolls out new supercenter prototypes," the company explains, "it must also find uses for existing relocated stores after they are closed."

Although the company claims that in 1998 it sold or leased 10 million square feet of what it calls "once-occupied" stores, the February, 1999 list of "available buildings" from Wal-Mart Realty reveals that the amount of buildings on the market at that time was closer to 20 million square feet of empty stores. Based on Wal-Mart's own list, here

are some statistics on these empty stores that might surprise you:

- \* Wal-Mart listed 333 empty buildings as of February, 1999.
- \* These buildings are spread across 31 states.
- \* A total of 20.66 million s.f. of empty stores were on the market
- \* Only 17% (58) of these stores are owned by Wal-Mart, 83% (275) are leased
- \* Estimating that Wal-Mart has roughly 2,850 U.S. stores open, these additional 333 empty stores meant that 10.5% of the units Wal-Mart owns or leases were "available".
- \* 15 states had 10 or more empty Wal-Mart stores:

Texas - 40	Kentucky - 16	Illinois - 11
Tennessee - 30	Louisiana - 16	New Mexico - 10
Florida - 30	Mississippi - 15	No. Carolina - 10
Georgia - 26	So. Carolina 13	Alabama - 22
Missouri 13	Arkansas - 17	Oklahoma - 12

- \* The average size of empty Wal-Marts was 62,057s.f.--larger than most other retail buildings in a small community.
- \* 52 of the empty stores (16%) were larger than 100,000 s.f, with some as large as 134,000 s.f.
- \* 54 stores (16%) on the February list were marked "new".

This is the portable Wal-Mart company. This is Wal-Mart's moveable feast. Although the company says very few of its stores have failed, many are unprofitable, and dozens of others are simply shut down to make way for supercenters with wider aisles. This makes Wal-Mart the largest producer of empty retail stores in America, if not the world.

Don't expect a long-term relationship with any superstore in your town. Wal-Mart arrives with its bags already packed.

Citizens opposed to sprawl generally cite two major reasons for fighting companies like Wal-Mart or Kmart:

1. Negative impact on the local economy
2. Negative impact on their quality of life

## **Voodoo Economics: The Wal-Mart Dust Machine**

Sam Walton liked to claim that Wal-Mart was the savior of small town America, that his company was creating jobs every place it touched. Here's how he described it in his autobiography:

"Wal-Mart has actually kept quite a number of small towns from becoming practically extinct by offering low prices and saving literally billions of dollars for the people who live there, as well as creating hundreds of thousand of jobs in our stores."

But such claims are a form of voodoo economics. Former developer Townsend Anderson of Vermont, has been quoted as saying:

Sprawl rarely brings about a net increase in economic growth. If there is not real growth, there is simply displacement of economic activity. This triggers a whole cycle of deterioration in older communities...



Companies like Wal-Mart and Home Depot utilize a form of "sprawl-math", which only looks at gross impacts on a community--never of the net effect of their stores. Sprawl-Math is not taught in local school systems. It's a form of developer's calculator that had no minus pad to subtract out jobs lost, or revenues diverted. The real truth about Wal-Mart and Home Depot, and the rest of the sprawl-mathematicians, is that they represent a form of economic displacement, not economic development. I know that Wal-Mart understands their fiscal impact claims are one-dimensional. The best proof I have of that I found in a most unlikely place: Volume 26, Issue 10 of Wal-Mart Today, from October of 1996. This is an internal "associate" newsletter that Wal-Mart says is "your window into our Wal-Mart world". There, in a column called "Wal-Mart Culture", is a quote that should be written on the side of every Wal-Mart superstore in the nation:

"At Wal-Mart, we make dust. Our competitors eat dust."

--Tom Coughlin

Executive Vice President, Operations  
Wal-Mart Stores Division

Since 1962, the Wal-Mart Dust Machine has done damage in every state in the country. Companies like Wal-Mart have cannibalized the retail food chain from the Mom and Pops on the bottom, to the mid-level regional chains, to the very top national chains. A recent illustration:

In February of 1998, New England lost another major regional retail chain store. Caldors, the company founded by Cal and Dorothy Bennett in 1951, turned into dust. This was the end of the sales pitch for the 4th. largest retail chain in America. 22,000 workers took home pink slips for their trouble. 145 stores in nine states were put up for lease. After 48 years, and annual sales of \$2.49 billion, the going out of business sales at Caldors began. Bargain hunters who long ago moved to other venues, returned one more time to pick over the bones, looking for that last 3-pack of cheap underwear.

The lesson in sprawl-math is inevitable. When you oversupply an area with retail glut, you don't create jobs, you destroy them. Consider the example of the regional chain store Caldor's, which imploded in 1999. Industry analysts say it was expected: Caldor's was losing money to Wal-Mart, had fallen into Chapter 11 territory since 1995, and never recovered. As one news story said: "Wal-Mart and other rivals had choked off Caldor's ability to open stores outside its traditional Northeast territory." The next time some Mayor or Town Councilor starts talking about the jobs that a Wal-Mart or Home Depot will bring to town, remember the jobs lost at Caldor's and Rich's, or the building supply stores Grossmans and Payless Cashways. It would take more than 100 Wal-Mart Supercenters just to break even with the 22,000 jobs that went down with Caldors.

Or consider the case of the small town of Nowata, Oklahoma, (pop. 3,900) is described as hobbled by the closing of a large retail store. The store closed down to move to a larger supercenter 30 miles away. "They were not playing fair," said the President of the local First National Bank. "They came in and ravaged all the small businesses. And when it came to the point where they were not satisfied, they left." The Mayor of Nowata who welcomed the megastore to town, now says: "Wal-Mart has proven this: They're big and they're greedy. They have no compassion for the community or the individual."

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**"Norman has become the guru of the anti-Wal-Mart movement" ~ 60 Minutes**

**Sprawl-Busters**

[info@sprawl-busters.com](mailto:info@sprawl-busters.com)

Strategic Planning ~ Field Operations

Voter Campaigns

21 Grinnell St, Greenfield ~ MA 01301

(413) 772-6289