



Living with Wal-Mart

30 years later, Texas both cheers and fears discount behemoth

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By MARIA HALKIAS / The Dallas Morning News

MOUNT PLEASANT, Texas – "How thick do you want your steaks cut?" Don Boggs asks a shopper as he pulls an apron over his Texas A&M cap.

He knows his BP convenience store is giving the customer a choice that she doesn't have across town at the Wal-Mart Supercenter.

Small-town Texas hasn't been the same since Wal-Mart Stores Inc. arrived in the state 30 years ago – Nov. 11, 1975 – with a store in Mount Pleasant.

The query about cuts of beef speaks volumes about how the world's largest retailer has transformed Texas, its largest market.

Competitors, employees and shoppers in Mount Pleasant say Wal-Mart is intertwined in their lives, for better and for worse.

And after 30 years, they've learned to adapt – to a cornucopia of consumer goods once unavailable in rural areas, to new jobs that still pay little more than the minimum wage, to a relentless cost-cutter that squeezes smaller rivals.

"You don't compete with the bear; you feed it and live off the rest," said Mr. Boggs, an entrepreneur who lives by that mantra.

He owns a meat-packing plant, and his convenience store has a full-service, fresh meat case. (Wal-Mart sells only pre-packaged meats.) He sells gasoline from his store. (It's on the opposite side of town from Wal-Mart's pumps.) He owns a full-service florist with his wife. (Wal-Mart stocks flowers but doesn't do weddings or funerals.)

Tracing Wal-Mart's history in Texas is, in many ways, like tracing the history of the company itself. The state has been a battleground with other retailers, a training venue for key Wal-Mart managers and the site of an important labor showdown.

Texas also offers insights to the company's future as it consolidates its rural beachheads and continues advancing deeper into Dallas-Fort Worth and other urban areas.

Here in Mount Pleasant, the Texans who have lived the longest with Wal-Mart have watched it



RICHARD MICHAEL PRUITT/DMN

Vickie Daniels, 56, started working at Wal-Mart in Mount Pleasant before it opened in October 1975, and she's still there today.

morph from small-town discounter to global titan. And they've changed, too.

"I'm still here because I want to be. You can compete if you try," said Jim Mason, the third generation in his family to operate a local hardware store.

From Boy Scout uniforms to a bridal registry, Mason's True Value Hardware offers what Wal-Mart doesn't, operating "more like a general store." It even moved from the courthouse square to a larger location in 1989.

"Truth is, we all shop at Wal-Mart. I do. My wife does. I see all my friends and neighbors there," Mr. Mason said.

A yellow rose

Wal-Mart has topped the Fortune 500 every year since 2002. It operates stores in the world's power economies of the United Kingdom, Germany and Japan.

Yet it tallied almost 10 percent of its \$288 billion sales last year in Texas. At an estimated \$26.7 billion, the company's Texas revenue exceeded its take for the United Kingdom, its No. 1 international market.

Texas is so big for Wal-Mart that the state is in parts of three of its U.S. regions. Its store count of 405 is double that of No. 2 Florida.

The Bentonville, Ark.-based company gained experience in Texas that it couldn't get in Arkansas, Missouri or Oklahoma.

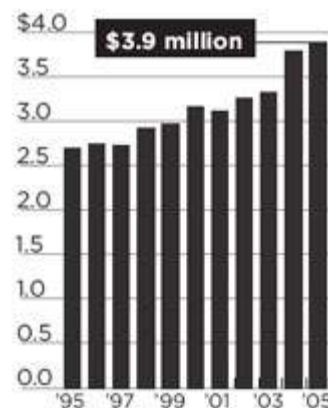
- In Texas, it learned to compete against leading discount rivals Kmart and Target.

- It formed a joint venture with North Texas supermarket chain Tom Thumb that produced the Hypermart – the forerunner to the Supercenter concept that is the heart of its growth strategy today.

RETAIL HUB

Sales tax receipts have risen steadily in Mount Pleasant as the market, anchored by Wal-Mart, has grown as a retail center.

Sales tax receipts (in millions)
(Fiscal years ending in September.)



SOURCE: City of Mount Pleasant

LAYNE SMITH/Staff Artist



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- In 1990, Wal-Mart bought McLane Co. of Temple to gain distribution expertise.
- Texas was also the portal to its first international move: Mexico, in 1991.

Wal-Mart plans to mark its 30 years in Texas on Nov. 11. It has even commissioned a temporary logo to use in the state.

"Texas was a growth area for Wal-Mart," chief executive Lee Scott said in an interview. "We opened our first distribution center outside of Arkansas in Palestine. The Valley has been an extraordinary place; associates promoted from there helped us in Mexico.

"Texas has been a great management incubator. We were here so much earlier than other fast-growing places like Phoenix that we were able to grow along with Texas, from Laredo to Lubbock to San Antonio.

"It made us a better, more successful company."

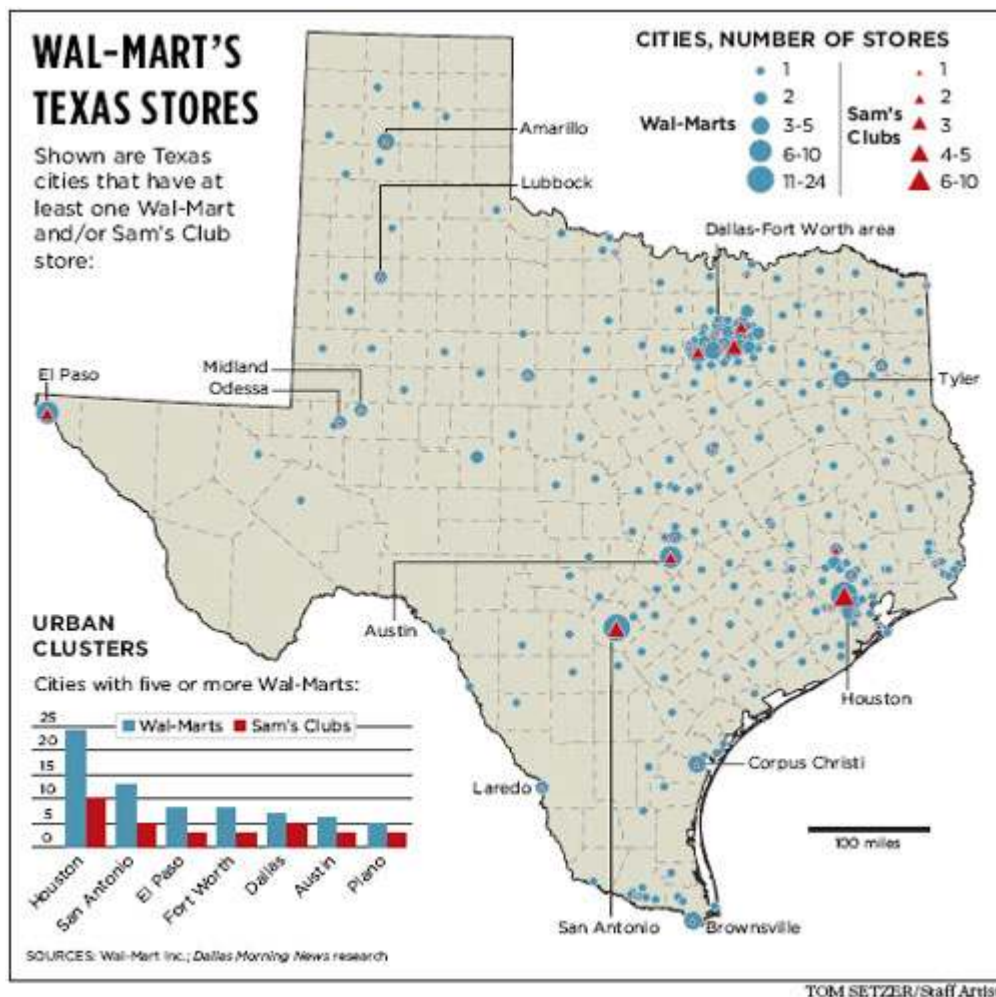
Texas legacies

Wal-Mart's Lone Star expansion has also spawned some of its thorniest legacies.

The company contributed to deep economic scars in some small towns that were already familiar with the feasts and famines of oil and gas, cotton and cattle.

"Remember Hearne, Texas" is a battle cry for many grass-roots opponents from California to Connecticut. It's a central Texas town where Wal-Mart pulled out on New Year's Eve 1990 – after all the downtown merchants had failed.

Organized labor's only U.S. success against Wal-Mart occurred five years ago in Jacksonville, Texas, where meat cutters voted to join the



United Food and Commercial Workers Local 540 in Dallas.

Wal-Mart challenged the move – the case is still pending before the National Labor Relations Board – and promptly switched to prepackaged meats.

Two books on the discount giant have come from Texas authors, and both were re-released this year.

How Wal-Mart is Destroying America (and the World) by Grand Saline's Bill Quinn is in its third printing, and *Up Against the Wal-Marts*, whose co-authors live in Canyon and Amarillo, is in its second. The tomes are finding new followers as Wal-Mart continues to open hundreds of stores a year.

Why Mount Pleasant?

In 1975, when Wal-Mart considered only locales with populations well under 20,000 and founder Sam Walton was still doing the picking, he chose the seat of Titus County with the motto "living up to our name."

Mount Pleasant had a better-than-average airstrip, and Mr. Walton still flew his own plane. According to Wal-Mart lore, he also gained another hunting season with a store in Texas.

[DallasNews.com/extra](http://dallasnews.com/extra)

[Photos: Wal-Mart in Texas](#)

Back then, the strategy was for all stores to be within 350 to 400 miles of the Bentonville headquarters.

In 1975, Wal-Mart stores didn't have a pharmacy, sell jewelry or have an auto service center. It was still forming its corporate culture.

Its famous employee cheer came two years later, and "people greeter" became an official job classification six years after that.

Stores were open 9 a.m. to 9 p.m. and closed on Sundays.

No one in Mount Pleasant was particularly alarmed.

Wal-Mart was a regional chain from unassuming Arkansas. It had 125 stores in eight other states and annual sales of \$340.3 million. Texas towns already had discount stores such as Gibson's, Perry Brothers and Moore's.

"It wasn't a nuclear effect," said Mount Pleasant Mayor Jerry Boatner. "Later, though, with the Supercenter, they added fuel to the fire with two major commodities of gasoline and groceries."

The Supercenter was the first in Texas when it replaced the town's original Wal-Mart in 1992. More big boxes followed, and the town has prospered.

One original Mount Pleasant employee still works at the store.

In 1975, Vickie Daniels was a young mother and her husband a railroad worker. She decided to "put in an application and maybe stay about a year. I had never heard of Wal-Mart." She

stayed put and was promoted to the cash office.

The Wal-Mart stock she accumulated from profit sharing and her own payroll-deduction purchases have allowed her to pay for her house and car and still have a "good sized" nest egg. She and her husband, both in their 50s, are thinking about retirement.

Shopping hub

Mount Pleasant, population 13,935, has become the shopping hub for a four-county area of about 60,000 people.

These days, Mount Pleasant residents have fewer reasons to go to Longview and Tyler, or even Dallas, to shop.

The Supercenter was packed on a recent Wednesday.

Among the customers were Stefanie Hunter and her 4- and 12-year-olds. They were looking for a birthday present for their 15-year-old brother and "something for dinner tonight," Ms. Hunter said.

She estimated that she spends at least \$600 a month at Wal-Mart. "I can come here and get everything on my list, plus gas. If Wal-Mart closed, I'd probably have to move."

Pushing her basket near the frozen-food cases, Ms. Hunter gave a quick wave to friends and stopped to introduce her grandmother.

Rae Bryant, 78, earns her "mad money" by performing product demonstrations at Wal-Mart once or twice a week. "I'm not working today, but I find myself here even on the days I'm not working," Ms. Bryant said.

In the check-out lane, they met a friend, Diana Coleman.

Asked about her shopping patterns, Ms. Coleman said, "Well, my daughter bought me a plaque. It's hanging next to my garage door. It's says, 'If we're not home, try Wal-Mart.' "

The local effect

The Supercenter and the national chains that followed have changed the variety of stores in Mount Pleasant.

"We used to have more sporting goods stores, clothing stores and pharmacies," Mayor Boatner said.

Several blocks from the courthouse square is the Supercenter. It's located on South Jefferson, the town's main retail drag.

Jefferson is also U.S. Highway 271, where on a clear day you can see the just-completed five-story headquarters of the area's largest employer, Pilgrim's Pride Corp., about four miles away in Pittsburg.

Across the street from the Supercenter is a line of other big-box chains including Staples, Goody's Family Clothing, Hibbett's Sporting Goods, Hastings music and video store, Dollar Tree and Burke's Outlet. There's also a RadioShack and a Pro Cuts.

Wendy's is nearby, and there are rumors that Starbucks and Chili's are coming.

Home Depot is a block away. Lowe's is on the north side of town off Interstate 30. Both opened in 2004.

A Beall's department store is a few blocks away and so are a Brookshire supermarket and a Super 1 Foods.

Sales-tax receipts have climbed steadily in Mount Pleasant to match the growth of the chains. Since 1994, they've shot up from \$2.4 million to \$3.9 million.

Making adjustments

The idea of doing what Wal-Mart and other big chains don't do resonates throughout this town.

An active downtown merchants association is rebuilding a bell tower and planning a holiday shopping kickoff next Sunday. In May, the chamber sponsors the Mount Pleasant Moonlight Jubilee & Texas State Championship Outhouse Races.

Ella Cheek of Carola's Fashions, owner of the 35-year-old store named after her mother, survives by selling "better clothing" than Wal-Mart, in petite and women's sizes.

"It's tougher as more people even dress casual these days to attend church," she noted. "There were several dress shops here. I'm the only one left."

Next door to Carola's, mother-daughter team Linda Norris and Krisan Norris-Sears say their Kasseigh's gift shop "is thriving."

They have put together a mix of merchandise that could stand up in Dallas. Waterford, Brighton, Crabtree & Evelyn, Vera Bradley, and Lady Primrose are brands not found at Wal-Mart.

Mayor Boatner said the arrival of Lowe's and Home Depot last year did affect his family's business. Boatner's Furniture, a courthouse square merchant, decided to phase out appliances just before the big guys arrived.

"We've been here since 1947 and we've evolved. We used to sell lawn mowers at one time," he said.

Downside of Wal-Mart

Other Texas towns tell a different Wal-Mart story.

Hearne says in its promotional literature that it's home to the last living model for Aunt Jemima, and that it housed 5,000 prisoners of war during World War II, many of them Germans from Erwin Rommel's Afrika Korps.

But Hearne is more famous in recent history for being one of the first cities to see Wal-Mart pack up and leave. It closed in 1990 after 10 years in town.

"Hearne had thriving businesses downtown, and we drew shoppers from as far as 30 miles away. Wal-Mart came, and it really drew shoppers for a while," said city manager Rick Walton, who isn't related to the Wal-Mart Waltons. "Then the small businesses went out of business, and then Wal-Mart left.

"Downtown never recovered," he said.

The anger in Hearne and other towns was big news at the time. In his 1992 autobiography, Sam Walton addressed the criticism:

"Quite a few smaller stores have gone out of business during the time of Wal-Mart's growth. Some people have tried to turn it into this big controversy, sort of a 'Save the Small Town Merchants' deal, like they were whales or whooping cranes or something that has the right to be protected."

Most towns in the four-county area around Mount Pleasant have very little retail – mostly convenience stores and used furniture and antique shops.

Clarksville, located north of Mount Pleasant in Red River County, has also had a Wal-Mart store since the 1970s. It's one of the few original Wal-Marts left in the state.

"Our downtown square was once very viable. You could purchase just about anything you needed," said Mayor Ann Rushing. The stores went out of business after Wal-Mart opened and the buildings are still empty three decades later.

Sales taxes have been stagnant to down, hovering around \$380,000 for years.

"We've been designated a Main Street city and apply for every grant we can find," Ms. Rushing said. "We've got some money now for period lighting and landscaping, but we've got to get someone in those buildings."

Critics argue that Wal-Mart kills small-town businesses, depresses wages and creates commercial sprawl.

But in recent months, the company has been fighting back with a public relations campaign.

Wal-Mart has hired Global Insight, an economic research firm, to study its impact on the U.S. economy and society. The study and papers by other researchers, both negative and positive, will be presented at a conference Friday in Washington, D.C. One report is expected to include a look at Texas.

According to one of the studies, a copy of which was obtained by *The Dallas Morning News*, retail wages decline in areas where Wal-Mart operates stores.

"The Effects of Wal-Mart on Labor Markets," co-written by senior fellow David Neumark of the Public Policy Institute in California, concluded that in the South, Wal-Mart reduces retail employment, total employment and total payrolls per person.

In Mount Pleasant, some businesses have closed since Wal-Mart arrived, including two local hardware stores on the courthouse square.

But local merchant Mr. Mason asserted that "those stores would have closed with or without Wal-Mart."

And wages don't seem to be an issue, locals say.

Richard Witherspoon, who owns Herschel's Restaurant in Mount Pleasant and five other towns, said he's been competing for hourly employees alongside Wal-Mart since the 1970s.

"In these small towns, everyone knows what each employer pays," he said. "Wal-Mart hasn't dictated what we pay. We're all comparable."

Mayor Boatner recently attended a regional meeting of the Texas Municipal League, a city government advocacy group, at the new Pilgrim's Pride headquarters.

Does Wal-Mart come up much at the meetings?

"We're well past that," Mr. Boatner said. "Most towns have had the impact of Wal-Mart, and we don't talk about Wal-Mart much anymore."

"It's now a Big D story."

E-mail mhalkias@dallasnews.com

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