

## **Wal-Mart and “Super Stores” in San Diego County**

### **By John Nienstedt**

#### **Wal-Mart: Friend or Foe?**

During the grocery workers strike last year both labor and management used the increasing presence of Wal-Mart in the County as leverage to bring the other to the bargaining table. The grocery chains worried that they would be unable to compete with Wal-Mart. In contrast, unions warned strikers they would find themselves underpaid ala Wal-Mart employees.

This month's KPBS/Competitive Edge Research Poll finds that – despite the negative press it sometimes receives – Wal-Mart is very popular in San Diego County. Over two-thirds of County residents hold a favorable impression of the world's largest retailer, while less than a quarter have a negative impression of the firm. In fact, the survey shows we validate these favorable views in the most American way – with our wallets: about six in ten shopped at Wal-Mart in the past year and only 14% have *never* purchased an item there. Even when pressed on the specific question of whether Wal-Mart was bad for its employees or the communities it services, 46% say the retailing giant is OK on both counts. In comparison, 12% believe Wal-Mart is bad for employees, 20% feel it is bad for communities and 7% believe it harms both. Although, on balance, these results are more positive than negative for Wal-Mart, the survey shows that the specific criticisms have exacted a toll on Wal-Mart.

Surprisingly, the generally positive views of Wal-Mart itself do not stop many San Diegans from wanting to curtail development of super-stores.

#### **Impressions of Wal-Mart**

The poll not only finds that 68% of us like Wal-Mart but that this support is fairly strong; 33% have a “very favorable” view of the retailer as compared to only 12% who have a “very unfavorable” view of them.

Let's start out with the obvious: those who regularly shop at Wal-Mart like the store – a lot. Two-thirds of those who shop Wal-Mart weekly hold a *very favorable* impression of the retailer. While this is not an earth shattering finding, it shows that regular shoppers genuinely like the store and are not “holding their noses” in order to get the low prices that Wal-Mart touts. It is also interesting to note that most of those who never set foot in a Wal-Mart have an unfavorable impression of the retailer. This begs the question: How would they know?

Aside from visitation, Wal-Mart's perceived social transgressions have, in fact, inflicted some damage to the retailer's image. While residents are split on the question of whether or not Wal-Mart underpays its employees or harms communities through predatory marketing practices, it is clear that those who do believe this tend to have sharply more negative views of Wal-Mart. From the standpoint of image management, this shows how important it is for Wal-Mart to actively engage in public relations efforts and, on the other side, how much damage opponents can cause with this information. Detailed examination reveals that the low wages argument is slightly more debilitating than the predatory marketing argument.

Annual household income is highly correlated with impressions of Wal-Mart. Eighty percent of residents who earn under \$20,000 annually favor the store and just 10% view Wal-mart unfavorably. On the opposite end, among those making over \$150,000, unfavorable views out-number favorable impressions. Two likely explanations arise. The most obvious is that Wal-Mart's lower prices are more important to people who are just managing to get by financially, whereas a family making over \$150,000 can afford to hold a negative opinion of the chain. A second reason may be that Wal-Mart has developed a social stigma among high-income earners much as K-Mart had with their blue light special.

Political ideology also plays a significant role in developing impressions of Wal-Mart. This shows that Wal-Mart has become more than a retailer but an iconic social lightning rod as well. Conservatives are big fans of Wal-Mart with about eight in ten harboring a favorable image. That image falls off somewhat on the left side of the spectrum as 58% of local liberals – usually steadfast supporters of labor interests -- like Wal-Mart. Still, approval levels among liberals are astonishingly high considering the castigation of Wal-Mart coming from unions and various anti-globalization groups.

### **Who Shops at Wal-Mart?**

With 60% of San Diego County visiting a Wal-Mart each month that roughly equates to an almost unbelievable 1.2 million different people shopping there on a fairly regular basis! It is easy to see why Wal-Mart is the world leader in retailing.

So who shops regularly at Wal-Mart? Again, it is the impression of corporate responsibility that plays a central role. Those who think Wal-Mart pays competitive wages and provides consumers with convenience and low prices are likely to be frequent shoppers. On the other hand, those who feel Wal-Mart is a bad influence on either employees or the community tend to stay away. This appears to be a huge issue at Wal-Mart's bottom line. While 36% of those who think Wal-Mart is doing OK shop there at least once a week, only 13% of those who believe Wal-Mart takes advantage of communities and employees shop as frequently. Therefore, image problems have translated into as many as 190,000 lost customers *per week* in San Diego County.

In this day and age, when the Internet and freeways have shrunk distances, it is interesting to find that geography still matters. To be specific, those who live in the City of San Diego visit a Wal-Mart far less often than those outside the City. Only 13% of City residents shop at Wal-Mart once per week or more, while 32%

outside San Diego shop there as often. On the other hand 32% in the City either rarely or never shop Wal-Mart! Of the County's 17 Wal-Marts, just 4 (or 27%) are in the City of San Diego despite the fact that 44% of the population lives in the City. Since City residents are just as fond of Wal-Mart as non-City residents, it could easily be argued that they are under-served and the City could stand to absorb another two or three Wal-Marts.

One of the more fascinating findings of the study is that churchgoing (or religious service attendance) is highly related to shopping at Wal-Mart. That is, those who attend church on at least a monthly basis tend to make more trips to Wal-Mart than those who attend irregularly and irregular attendees, in turn, shop at Wal-Mart more often than those who have never attended church. Could this derive from Wal-Mart's roots in the Bible Belt? Or is this the result of a concerted effort to market Wal-Mart as a more "moral" alternative to other stores?

Income works its way into the mix with lower income folks shopping more frequently at Wal-Mart and upper-income folks less likely to shop there. But, as evidence that no matter how affluent one is it's always good to get a deal, even 23% of those in households earning in excess of \$150,000 report shopping every month at Wal-Mart.

Divorced and widowed San Diegans are also more likely to shop at Wal-Mart.

Finally, in what should be worrisome news to Wal-Mart supporters, registered voters frequent the store less often than non-registrants. With Wal-Mart in the eye of some political storms, Wal-Mart may find it disconcerting that only 71% of their regular shoppers claim they are registered to vote while 84% of irregular or non-customers are registered.

### **Wal-Mart's Social Responsibility**

On balance, County residents remain supportive of the store even when queried about specific complaints that have been leveled at Wal-Mart. Respondents were asked whether the retailer is not being socially responsible to their employees by paying low wages and benefits (12%), whether Wal-Mart hurts communities due to predatory practices (20%), or whether Wal-Mart is OK because it pays employees competitive wages and provides one-stop shopping and low prices (47%). Seven percent say Wal-Mart is guilty of both low wages and predatory practices meaning that, all told, 39% feel the retail giant is a bad corporate citizen. Another 6% are unsure.

Of course, those who shop more frequently are much less likely to fault Wal-Mart than those who rarely shop there. About two-thirds of once-a-week-or-more shoppers say Wal-Mart is OK. That number dwindles to 27% among those who do not shop the store at all, and 25% of those folks think the firm is bad for both employees *and* communities. Perceived corporate responsibility is clearly a wedge that drives some people to shop at Wal-Mart and others to shun it.

Not surprisingly, conservatives tend to believe Wal-Mart is doing OK while liberals are split on the issue. Just over half of liberals say that the company is in the wrong. However, over one-third of liberals still say Wal-Mart is doing OK by its employees and for the community.

Lastly, women are less likely to find Wal-Mart guilty of poor citizenship as 52% say it is OK (compared to only 41% for men). This suggests that press coverage of a class-action suit alleging that Wal-Mart discriminates against women by paying them less -- the largest private civil rights case in U.S. history -- has not hurt the retailer.

### **Support for Zoning Restrictions**

San Diego may like Wal-Mart, but that does not necessarily translate into general support for more super-stores. The adoption of community zoning laws that would prohibit large retail super-stores is favored by a slim majority (46% to 41%).

Naturally, support and opposition tend to follow along the lines of Wal-Mart's impression: Wal-Mart fans tend to oppose restrictions while others tend to support adopting zoning rules in their community which would prohibit large retail super-stores. This shows how imperative it is for Wal-Mart to maintain its image in the community, as success or failure of these limiting initiatives is largely a function of the corporate aura it throws off.

Beyond that, the study finds, not surprisingly, support for zoning restrictions coming from liberals and opposition coming from conservatives. Since the zoning restrictions cut to the heart of the battle over free markets (a conservative goal) versus community control (a liberal emphasis), it is easy to see why there are ideological divisions.

The survey also picked up a significant geographic component. Those residing in the eastern suburbs (El Cajon, La Mesa, Santee, et. al.) buck the Countywide trend and tend to oppose restrictions. Since there are Wal-Marts located in Santee and La Mesa, it is an open question why residents in the area would disagree with their counterparts elsewhere.

Differences here between voters -- who would be the ones to ratify such zoning changes (if they appear on the ballot) -- and non-voters are slight. However, results in the north suburbs, where Wal-Mart lost a recent ballot measure to open a second store in San Marcos, show that voters support restrictions while non-voters strongly oppose restrictive zoning changes.

One explanation for strongly supporting Wal-Mart and then supporting the laws that would effectively lock out stores like Wal-Mart is that the positive feelings about an individual chain may not translate directly to feelings about retail development as a whole. This is akin to folks saying they dislike Congress but they love their own representative.

## **Conclusion**

There is no denying that Wal-Mart is popular. Widespread support can be seen among all demographic groups, even among liberals who should be the “low hanging fruit” for unions seeking to stem the rising tide of Wal-Mart. Even as Wal-Mart’s detractors try to derail the retail giant with lawsuits and negative PR campaigns, San Diegans continue to not only approve of the retailer but shop there as well. However, the survey shows that the very specific criticisms have resonated with a subset of the population. Among them, this has produced a negative impact both in terms of Wal-Mart’s image and at the bottom line. Wal-Mart could post significant gains in both areas if it can manage to rehabilitate itself among the 39% who have specific concerns.

The latest tactic employed by critics around the U.S. is to pass legislation at the local level prohibiting super-store retail. It will be a very interesting fight in years to come if local elected officials try to curtail such development. Based on the close numbers, look for an intense political brawl.