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Superstore Development on the Fringe of Rural America: A Case Study of Charlotte, Michigan

By

Laura M. Cruce

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ABSTRACT

SUPERSTORE DEVELOPMENT ON THE FRINGES OF RURAL AMERICA: A CASE STUDY OF CHARLOTTE, MICHIGAN

By

Laura M. Cruce

The paper examines the fears held by many merchants in small towns across the nation when superstores such as Wal-Mart develop on the edges of town. The contending theme of the study was that small town business merchants feared corporate takeover of superstores, especially when unmanaged growth and "fringe" development threatens to drive businesses in the central business district (CBD) into bankruptcy. Property assessments from 1988-1995 were used to analyze the economic history of the businesses located in the CBD and surveys were administered to both business merchants and building owners to determine vacancy rates, rent fluctuations, and business patterns during the 1985-95 period. The results indicated that high number of retail spaces turned over during the 1988-95 period, and revealed that CBD merchants feared the takeover of superstores. However, survey respondents also revealed the measures they took to stay in business. Today, Charlotte's CBD is still a functioning economic component of the city.

ACKNOWLEDGMENTS

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CHAPTER I

INTRODUCTION

In the early 1800's, people did not have the hundreds of stores to shop in that they have today. Many years ago towns were built around one general store which sold everything they needed from eggs to fabric. The general store was usually the only place to buy food and dry goods for up to a hundred miles. The early mercantile provided the same "one-stop" shopping conveniences that are present today in the form of multi-million dollar "superstore" conglomerates such as: Wal-Mart and Kmart. However, consumers have a much larger selection of goods in the 1990's than they did 200 years ago.

As populations grew in the United States, people settled and developed small towns across the nation. Long before the giant superstore corporations were ever developed, small towns grew in size, more stores opened for business, and main streets formed across the United States as the central core of many communities. Since main street properties are already utilized, new commercial and industrial growth is occurring on the edges of the small towns, usually in the adjacent townships, areas that have primarily been "hotspots" for Wal-Mart and Kmart developments. The "superstore phenomenon" can be documented across the nation and this study examines the concern that stores such as Wal-Mart and Kmart are associated with the demise of main streets across the nation.

"The Superstore Phenomenon"

The purpose of this study was to address fears expressed by Main Street business merchants and building owners when superstores such as Wal-Mart and Kmart develop and operate a store on the edge of town. The agricultural land is usually lower in price than the developed city land. Consequently rural communities also have lower property taxes. This study suggests that many rural communities may not be protected from quick, unmanaged growth because of their master plans. Even though superstores and strip malls are developing throughout Michigan, they do not necessarily indicate that the integration of these companies into a rural community will drive up the economy and its property values. In addition, the communities existing central business districts are threatened with corporate competition and the loss of business from local consumers.

Throughout the years, many merchants have expressed fear that Wal-Mart and other superstores would draw customers away from the town's central business district (CBD) because superstores carry a large variety of merchandise and commonly practice discount pricing. The case studies reviewed for this study revealed that CBD merchants believed they would not be able to compete, property values would decline, and eventually drive specialty retail stores out of the CBD and therefore lead to the demise of Main Street. Not all of the superstore sales come from the CBD merchants. When superstores open for business, the superstores' total market expands because companies such as Wal-Mart and Kmart reach out to a larger number of people in a broader geographical area. At the same time, the local market can experience a significant impact because the CBD stores tend to be specialty stores serving a relatively small market. Should any of these stores that are direct competitors lose customers to the superstores they could lose a large percentage of their clientele.

However, it is important to note that the level of fear in a particular community would be affected by the number of merchants considered to be direct competitors of the superstores. If a large number of retail stores located in the CBD were direct competitors with Wal-Mart, the fear level would likely be a greater. At the same time, if the majority of businesses located in the CBD were not direct competitors, the level of fear would be less. The levels of fear, however, go beyond just the merchants. For example, the Downtown Development Authority, the Chamber of Commerce, and the City may all have their own levels of concern when economic development is occurring. These fears may be associated with the economic tax base, membership, and property assessments. This study examines these fears in further detail.

Charlotte, Michigan provides an excellent example of the Wal-Mart phenomenon. In 1980, Kmart, a corporate store with a very diverse inventory, opened its doors for business in Eaton Township. Refer to Figure 1 for a map of the Charlotte area. Only ten years later, Wal-Mart, a store with a similar inventory to Kmart's, located next door and was open for business in 1991. Interestingly, the opening of Kmart did not warrant the same fear among Charlotte's CBD business merchants as did the Wal-Mart. A series of events transpired in Charlotte and were documented in the *Charlotte Shopper and Eaton County Newspaper* from 1980 to 1991. The newspaper clippings captured the accumulation of fear among the merchants. Some of the same merchants quoted in the articles were also apart of the surveys administered for this study.

Throughout this study, the CBD business merchants and the CBD building owners were seen as the prime stakeholders in the preservation of the CBD. These merchants were also identified as belonging to Charlotte's Downtown Development Authority (DDA) and the Charlotte Chamber of Commerce. These organizations are also stakeholders because, while the Chamber generates its operating revenue from membership dues, the DDA relies on the taxes collected from the growth of property assessments in the CBD. Both organizations benefit from economic development and growth. In addition, the Charlotte city government is recognized as a prime stakeholder because first, the Interstate 69 expansion would likely contribute to growth in both the city and Eaton Township and would pit the two jurisdictions in competition with each other for new tax base. Second, the City of Charlotte entered into a legal agreement with Eaton Township to facilitate sewer and water services in the township. The agreement included a provision that a business utilizing city services would make a payment in lieu of taxes to the City of Charlotte.[1]

[1] City of Charlotte - Eaton Township Wastewater Disposal Agreement, March 12, 1979.

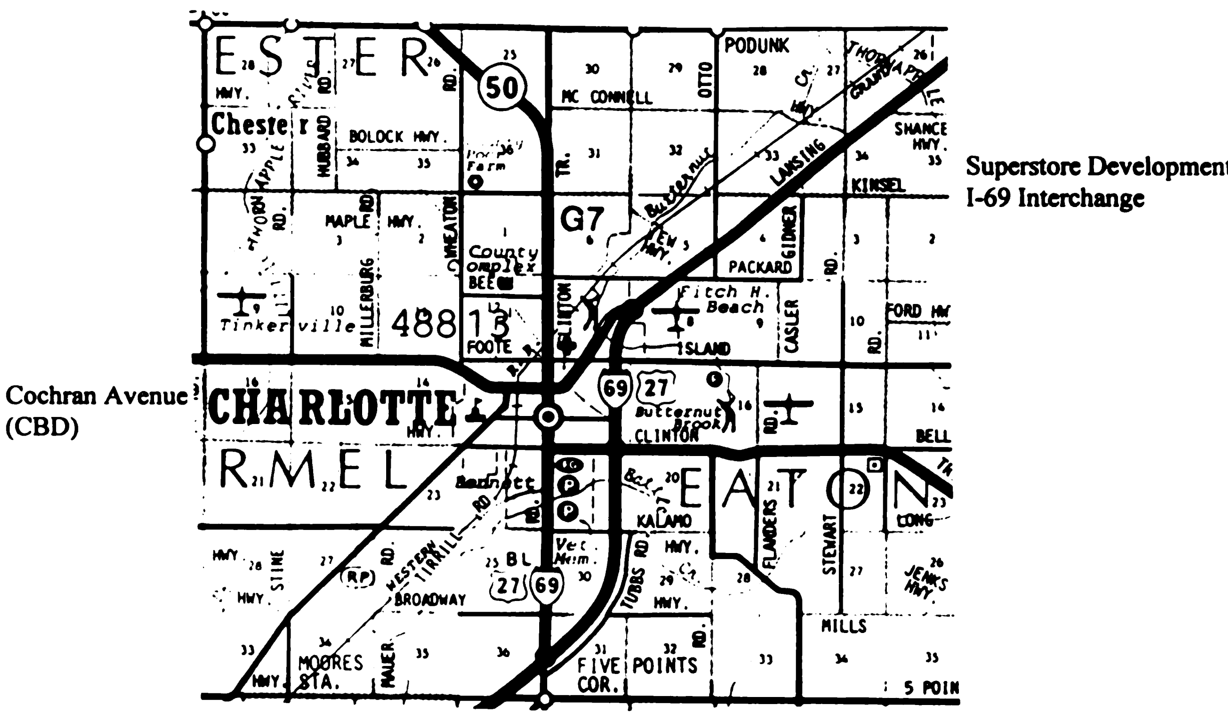

Figure 1. Map of the City of Charlotte.

A literature search regarding rural economic and community development, and the development of superstores on the fringes of rural communities unveiled theory and case studies, but data to support the contention that such development causes the demise of the central business districts (CBDs) was insufficient. The case studies reviewed, however, revealed a fear held by residents and merchants that CBD businesses would close, property values would decrease, and essentially small communities would suffer economically. This study will focus on the CBD business merchants, CBD building owners, the Charlotte DDA, Charlotte Chamber of Commerce, and the Charlotte City government to examine the effect of the Wal-Mart phenomenon in the following ways: reviewing the history of Charlotte, highlighting the relevant factors associated with the construction of Interstate 69, reviewing the contract signed by the City of Charlotte and Eaton Township to extend sewer and water beyond the city limits, examining CBD property assessments during the 1988-95 period, and surveying current CBD business merchants and CBD building owners.

CHAPTER II

A HISTORY OF LAND DEVELOPMENT IN CHARLOTTE, MICHIGAN

The unending prairies of Charlotte made an appealing place for weary settlers to locate as they journeyed across Michigan in search of land on which to homestead. The open space and viable soil were enticing enough for Jonathan and Samuel Searls as they cut a path from Bellevue, Michigan to the township line just two miles south of Charlotte in 1835.[2] The Searls moved the rest of their family up the track and established various households in the area surrounding Charlotte. As it became apparent that Charlotte would be an enduring community, the Michigan Legislature designated Charlotte to be the seat of county government for Eaton County on December 29, 1837 (Strange 1923). In 1863, the Village of Charlotte was incorporated by Eaton County. Eight years later, the Michigan Legislature incorporated the village as a city and designated Charlotte as the Eaton County seat.[3] As the town grew it began to develop its own business district. The first stores to open for business on Main Street were a grocer, a dry goods retailer, a hotel, a hardware store, a newspaper, and a bank. Charlotte continued to grow and experienced

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[2] Daniel Strange served as member of the Eaton County Pioneer Society 1923 and documented the settlement and establishment of Eaton County Michigan (Strange 1923)

[3] Strange, Daniel, 1923.

an economic boom at the end of the Civil War. When the soldiers returned with their money, the Charlotte settlers multiplied their wealth and began rapid development of roads and agricultural land to make their community (Strange 1923).

Charlotte grew as an agricultural community and began incorporating industry in the late 1970's. In 1976, Spartan Motors, a car parts manufacturer, located in Charlotte's industrial park. By 1997, Spartan Motors employed 550 people. The second largest industrial firm, Carefree Windows, a window supplier to car companies, opened in 1980. Carefree Windows currently employs over 1000 people.[4]

Expansion In Charlotte Stimulates Fear

In October 1990, Interstate 69 (I-69) was extended to Lansing from south of Charlotte. In the process an interchange was constructed to provide access to the highway. The highway construction brought with it the possibility of more commercial and retail business in the vicinity of the new interchange. Background research in the *Charlotte Shopper and Eaton County News* provided material indicating that the community was distressed over how they would deal with the new expansion in their rural town.

K-Mart had already located in Charlotte in October 1981 before the completion of I-69. By 1990 the store expanded to include a pharmacy, restaurant, lumber supplies, hardware, and a larger clothing department. Kmart's expansion was perceived to be a threat to the existing businesses in downtown Charlotte (Serene 1990). Kmart took advantage of the area ten years before I-69 was completed. It was obvious that the City of

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[4] Charlotte Chamber of Commerce

Charlotte was aware of the potential for growth in the area because the city entered into a legal agreement with Eaton Township in 1979, one year before the Kmart development, to receive payments in lieu of taxes for city sewer and water. The city expressed a sense of fear of losing money to Eaton Township if they did not develop a contract to capture the economic base.

At that same time, Mayor Kathy Wright expressed to the residents that the city government was proposing a three mill increase in property tax to be used for road construction (Wright 1990). The city, interested in development, needed the money to improve the road within the city where new commerce developed as a result of I-69. In addition, the City of Charlotte expanded water, sewer, and utilities to Eaton Township to support the township's new growth. It is apparent that the City of Charlotte was looking after itself by making improvements inside the city as well as forming the contract with Eaton Township. The city invested money to facilitate commerce in the city and created a means of capturing money from economic development in the township.

In November 1990, Richard's Appliance Store moved out of the downtown, an action that may have contributed to the fears that other businesses would soon follow. Eventually, these fears were supported by the closing of Johnson's Hardware Store (Krizack 1990). Throughout this period, concerned citizens wrote numerous letters-to-the-editor of the *Charlotte Shopper and Eaton County News*. The main goal of the citizens was to keep a healthy balance between new commercial development and existing downtown businesses. Another concern was that Charlotte needed a better master plan that would guide enhancements and economic growth for the downtown and promote community pride (Serene 1990). Ron Sherman, a resident of Charlotte, indicated that Carter's Grocery Store threatened to leave the downtown area and relocate by the Wal-Mart (Sherman 1990). The owners of Carter's Grocery Store feared that if people drove to Wal-Mart to shop they would not drive back downtown for their other grocery needs, therefore, leaving the downtown area without a convenience store (Sherman 1990). As growth expanded the city's capabilities, workshops on the I-69 and the development of Wal-Mart in 1990 were held in conjunction with the Eaton County Cooperative Extension office to allow concerned residents and merchants to voice their opinions and address apprehensions of the new development (Krizack 1990). The background research indicated that Charlotte CBD merchants feared too much retail and commercial development near the I-69 interchange and little development in the CBD.

The fears associated with the closing of many CBD stores may have warranted enough concern by Charlotte merchants and residents to form the group "Future Charlotte" in cooperation with the Eaton County Cooperative Extension office (Serene 1990). "Future Charlotte" addressed the business and land uses changes that would occur due to the I-69 expansion.[5] Additionally, the role of the city became a focal point for the discussion because it possessed the authority under Michigan law to adopt a master plan and implement zoning ordinances.[6] The Charlotte Planning Commission would oversee the master plan and monitor all new development (Moore 1990). Charlotte created and adopted a master development plan in 1972, but these plans did not include the concept

[5] "Future Charlotte" was a group established in Charlotte by the Eaton County Extension office and with the help of Mark Wykoff, a leader in mid-Michigan in community planning and growth management (Serene 1990).

[6] County Rural Zoning and Enabling Act 183 of the Michigan Public Act of 1943.

of extending sewer, water, and utility extensions into Eaton Township. At that time, the Charlotte Planning Commission would not have known where the new I-69 development would occur. In 1972 the Michigan Department of Transportation was still debating whether the freeway would utilize new farmland or be developed over an existing route. The Planning Commission was unable to make a decision before any plans dealing with the economic development adjacent to the freeway could be developed. Consequently, these decisions may have affected master plans focused on the preservation of the CBD.

As one device to make improvements in the CBD area and to attract new businesses to the area, the merchants and Charlotte city officials created the Charlotte Downtown Development Authority (DDA). The Downtown Development Authority (DDA) was established in 1988 to manage and attract new businesses to the CBD. The boundaries of Charlotte's DDA include all business located within the CBD (Fig. 2). The DDA was created pursuant to an act of the Michigan State Legislature and allowed the community business organization to collect taxes on the growth of property assessments each year through tax increment financing authority.[7] The capabilities of the DDA are essential to the enhancement of the CBD because the DDA finances its improvements and debt from increases in the property tax revenues from the CBD. The DDA thus seeks to promote growth and a positive image for downtown because if the DDA is successful in creating a market demand for storefronts in the CBD then property assessments will greatly increase. Money collected from the growth in property assessments and tax

[7] Downtown Development Authority Act, Public Act 197 of 1975, and the Tax Increment Finance Authority Act, Public Act 450 of 1980.

collections is allocated to different downtown projects that are intended to enhance the CBD area.

In a similar respect, the Charlotte Chamber of Commerce has a stake in the preservation of the CBD. This private organization of businesses also works to promote economic development in the area. However, the CBD is not the its only area of concern. The Charlotte Chamber of Commerce is a nonprofit organization that promotes economic development and enhancements specifically for its members. The Chamber of Commerce has an interest in promoting development throughout the entire community rather than in just the CBD.[8] The Chamber's area of focus includes the entire City of Charlotte and the respective townships in Eaton County. This is important because the Chamber's effort is to stimulate, promote, and encourage business activity throughout the area, not merely in one small geographic area of the city. Thus, Chamber leadership may be saddened by the closing of downtown establishments and the loss of such members, however, its major area of concern is the well being of business over a wider area. The Chamber indicates that at least five businesses have closed in the CBD within the past two years.[9] Rudicels, a men's clothing store had operated in the CBD for 25 years and in 1997 the store closed. The Chamber of Commerce believes that it is very likely Rudicels is closed its door because of the store's inability to compete with the superstores.

Many rural, small towns have fought the "Wal-Mart Battle." Some communities have "won" by deterring the development of a Wal-Mart while others have "lost." Small

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[8] Mission of the Charlotte Chamber of Commerce.
[9] Charlotte Chamber of Commerce.

communities appear to share a common fear that superstores will wipe out the local downtown business centers. It is common for the merchants in small communities to fear that businesses will be hurt economically and that people abandon the traditional merchants and switch to a superstore for the convenience of one-stop shopping, greater variety, and competitive prices. This study focuses on the City of Charlotte to examine the effect the superstores have on the commerce of the city and how the merchants and municipality responded to the apparent threat.

CHAPTER III

LITERATURE REVIEW

The community is defined as a group of people interacting together in social, political, and economic activities to develop a satisfactory quality of life depends on an active economy (Schwartz 1991). Aspects of commercial and corporate enterprises contribute to the economic well-being of the community, but affect the social development of the community as well (Adams 1995). A community's development can create economic prosperity, especially when the community is aware of its land use capabilities. The following review of literature examines the issues of growth management, community vitality and viability, how Wal-Mart benefits from a community, and case studies of superstore development in small towns.

Community change is inevitable and ideally growth and change can be incorporated without destroying the value and interest in the traditional portions of a community. Growth management is a term that identifies a bundle of tools governments use to achieve broad based community objectives and policies (Brower et al. 1984). If communities are to be effective in managing their growth and development, leaders need to adjust for technical and administrative capabilities, political and legal situations, the community growth pressures, and the community's budget in order to determine future industrial, residential, and commercial development (Brower et al. 1984). The growth management tools of a community should fit with the needs and aspirations of the community (Brower et al. 1985). Brower et al. (1984) expresses that growth management coordinates three local conditions; social, economic, and the natural environment.

How Can a Community Manage Growth?

As mentioned earlier, Michigan cities, villages, and counties are empowered to adapt zoning ordinances and master plans as growth management tools. Local jurisdictions in Michigan exercise zoning powers on the basis of the Township Zoning Act of 1943. The authority to plan and zone is spread among cities and townships and if these local jurisdictions cooperate in their planning and zoning, they have a chance to achieve coordinated development. If local jurisdictions do not cooperate together, and competition is more common than cooperation, uncoordinated and fragmented growth will likely be the result.

According to the growth management literature, the quality of growth in a community is affected by the timing and rate of new growth, the geographic location of new growth, and the density of the new developments (Brower et al. 1984). Access to a new highway may influence change in a community's current pattern of growth. In this case study, I-69 is the force influencing economic development in the "fringe" area, the area outside Charlotte's central core. Burchell (1996) indicates that the radiating growth of fringe development requires more land and public infrastructure and increases the under use of core land and infrastructure.

The essence of growth management is based on the decisions made by organizations on balancing new growth with existing businesses, preserving natural areas, and maintaining community interaction (Brower et al. 1984). According to Bolman et al. (1991) organizations are dependent on the people who comprise them. Bolman et al. (1991) express that organizations make the decisions and produce plans that effect the future. Community leaders should seek to balance new growth with the community's resources, maintenance of the resources, and the community's adaptability to changing conditions (Summers et al. 1988). Culture, socialization, and the environment are essential elements in planning future development and accommodating pressures for change. As mentioned earlier, the CBD business merchants, CBD building owners, DDA, Chamber of Commerce, and the city government are all stakeholders in the preservation of the CBD. However, all five organizations have somewhat different agendas. These agendas need to be addressed by the community and all parties involved so a well balanced development plan can be established for the area.

Community Viability and Vitality - How Does a Community Benefit from Economic Development?

Boschken (1982) indicates that the local units of government are often unable to predict the consequences a new private development will have on a locality. According to Summers et. al (1988), public investments shape land use and land values and can create a magnet for attracting labor and capital investments. North (1990) explains that constraints in the organizational structure of communities determine people's opportunities. Furthermore, political and economic entrepreneurs will maximize present conditions for short-run profits (North 1990). The national corporations locating in rural communities are not interested primarily in the long-term economic stability of a community. North (1990) explains that organizations are continually evolving and the bargaining strength of the people involved in the final decision-making affects the total economic exchange. Once the infrastructure is in place, it becomes difficult to deter new development from locating in the vicinity. It can be argued that even though superstores may have a negative economic affect on main street competitors, corporate businesses such as Wal-Mart, Kmart, and other superstore corporations make significant economic contributions to a local economy. These stores hire area residents as store employees and thereby expand the "community payroll." Additionally, through property taxes, these stores pay for police and fire protection, and snow removal. They typically employ local companies to remove waste, repair plumbing, and it is likely they used area contractors for the store's construction. Economics affect the decisions communities are faced with when considering new development proposals. According to Rubin (1994) the prospects of new businesses, taxable income, and jobs stimulate the economy. Rubin (1994) expresses that the financial balance of development with social change empowers the individuals of the community.

The community's institutional structure is embodied by its ability to garner both public and private capital (Summers et al. 1988). According to Summers et al. (1988), the community's ability to influence change depends on its ability to manage resources, and evaluate current economic and capacity policies. In sum, many developers are concerned with developing a site into a product that relates to supply and demand. New building and rapid growth, however, may not incorporate the community's capacity limitations and the implications a new corporation may have on the existing small businesses located in the CBD.

What Does Wal-Mart Want Out of a Relationship with a Community?

It is very common for superstores to target rural communities because of their attractively inexpensive land and low taxes. According to Stone (1995) Kmart expanded rapidly in its early years and located in larger cities, but in Kmart's attempt to compete with Wal-Mart, it too began to target small towns. Stone (1995) explains that Wal-Mart began an aggressive expansion in 1980, targeting small towns. Wal-Mart's sales grew from $1.2 billion in 1980 to approximately $56 billion by the end of 1993. Brower et al. (1984) explains that in the face of fringe development, cities and townships can create urban and rural commercial development areas. Urban and rural development agreements help to finance the costs of infrastructure and development and allow local units of government to collect taxes on a more equitable basis. Businesses locating in these development areas are required to pay both city and township taxes (Brower et al. 1984). As mentioned earlier, the city of Charlotte has a similar agreement with Eaton Township whereas businesses located in the township commercial development area, adjacent to the city, must make annual payments in lieu of taxes to the city while paying the local township property tax.

Wal-Mart is a superstore business that primarily establishes its outlet stores on the land next to a small town. Dovring (1987) demonstrates that location is a primary factor for commercial and corporate development. According to Gunn et al. (1991) it is common for Wal-Mart to set terms with real estate agents and land developers that include water and sewer service and an agreement with the town to eventually annex the land. Annexation in Michigan is highly contested and it is unlikely that Eaton Township would ever release the land to Charlotte. Gunn et al. (1991) indicate that townspeople usually are persuaded to agree to Wal-Mart's offers because the prospect of added tax revenues and new revenues from a broader market area. Stone (1995) notes that much of Wal-Mart's merchandise is targeted to lower-income consumers. People in lower-income categories generally have little discretionary money and tend to shop where they perceive they are receiving the best value for their dollar (Stone 1995).

Once the superstore opens, however, people may shift their shopping from the downtown stores to the superstores. The loss of business in downtown stores may result in a lowering of property value in the city. Gunn et al. (1991) states that Wal-Mart's financial affect on the town is not always what the townspeople anticipate. According to a study conducted by Gunn et al. (1991) in Independence Iowa, Wal-Mart used its own corporate banks in distant cities, which meant no monetary investment to the town, and the store relied on corporate attorneys to handle legal matters. In addition, many of the small businesses lost their employees to Wal-Mart (Gunn et al. 1991). The unrestricted out-migration of businesses and residences into the neighboring townships can contribute to a void in the economy of the core areas (Burchell 1996.) It can be argued that Gunn et al. (1991) has a limited view of Wal-Mart because as was mentioned earlier, corporations such as Wal-Mart provide jobs for area workers, and services in the local economy, as well as contribute taxes to pay for fire, police and other services. In relation to this case study, the store's location at I-69 makes it easy for people to get off the highway, buy all of their goods in one location, and then return home. Not only does this access provide people with "one stop shopping," thus eliminating the shopper's need to depend on Charlotte's CBD, but also gives shoppers a larger choice of goods for lower prices.

Case Studies of Superstore Development in Small Town America

Charlotte was not alone in its experience as a small town dealing with the "Wal-Mart" phenomenon. Some communities have actively attempted to keep superstores away. For example, the Cape Cod Commission, an organization consisting of 15 area communities, struggled to keep the Price/Costco superstore out of Sandwich, Massachusetts.[10] The Cape Cod Commission rejected Price/Costco's proposal for development. Price/Costco, in turn, filed a lawsuit alleging that the commission was acting contrary to the Massachusetts' constitution by not allowing them to develop land the company had purchased (1994). The Cape Cod Commission said that the town's businesses would not be able to compete with Price/Costco. In addition, the commission feared that traffic would increase by 4,700 car trips per day, at least 20 new traffic lights would be needed, and 26 miles of road would need widening. Furthermore, the commission argued that the town would not be able to meet the waste storage needs of the store (1994). Price/Costco lost the battle in Sandwich and chose to locate elsewhere in Massachusetts. The company eventually built four superstores in Massachusetts.

In 1996, the local unit of government in Ferry Farm, Virginia, the home of George Washington, was attempting to rezone land from agricultural to general commercial

[10] *New York Times* published the article "Superstore stirring up old debate on Cape Cod" depicting the community's battle to keep a superstore from developing on the fringes of the town (June 20, 1994).

originally belonging to George Washington. Ferry Farm, Virginia is located within Stafford County in Northeast Virginia. The Wal-Mart Corporation and the Richmond Group, an area developing company, planned to develop on this site (Lease, 1996). The Stafford County Planning Commission protested the proposed development of Wal-Mart in Ferry Farm, Virginia because the planning commission said Wal-Mart contributed to the closing of three "five and dime" stores and one hardware store in Culpeper, Virginia. According to the Stafford County Planning Commission (Lease, 1996) traffic counts rose by an estimated 10,500 vehicle trips per day in Culpeper, Virginia. In addition, the planning commission estimates that Stafford County would get $4,000 in sales tax per year compared to Wal-Mart's $40 million estimated annual sales (Lease, 1996). This example illustrates the fears that the development and operation of a superstore will lead to unmanaged growth and the loss of business by the established retail center.

The City of Petoskey, Michigan began struggling with the fear of a superstore location in 1996 when Wal-Mart purchased land adjacent tot the city in Petoskey township to develop a superstore (Cantor 1996). The fear was that Petoskey would lose business in the CBD and that property values would decrease. Developers in the area argued that Wal-Mart would encourage other retail businesses to relocate in the area and stimulate the overall economy. Merchants who were dependent on their businesses in the gas-light district though remained opposed (Cantor 1996).

According to Cantor (1996) merchants in Hearne, Texas feared their downtown would be fiscally devastated because of the development of Wal-Mart. The merchants were concerned the businesses in the CBD would close because the stores were losing sales to Wal-Mart. After a few buildings in the CBD became vacant, the merchants feared they would be negatively affected again when Wal-Mart shut down and left the city (Cantor 1996). This article reported a fear of losing business in the CBD, but did not include data validating the fears.

Another example of the Wal-Mart war occurred in Litchfield, Minnesota. In this case, the owner of a boys and girls clothing store waged a campaign against the corporation by raising awareness among neighbors. The local grassroots activists educated neighbors about Wal-Mart's repeated development in inexpensive, unzoned, greenspace outside the city limits; how Wal-Mart channels resources out of the community; about the job losses the small towns incur when Wal-Mart leaves town after all the local business have gone bankrupt; and finally about how to rebuild the small town "resurgence of appreciation for main street," (Anderson 1994). The city of Litchfield is similar to the other case studies because the merchants of Litchfield fear the CBD will be lost completely to corporate development.

After an extensive review of literature on the subject of superstore developments and their affects on small towns, the case studies demonstrate a consistent theme. The theme is that the CBDs of small communities will dry up under the heat brought by Wal-Mart and other superstore competitors. While the arguments exist, the case studies do not provide data to support the claims of decreased property values and loss of businesses. Even though businesses closed in the prospect and experience of competing with a superstore, as was the case in Culpeper, Virginia, variables other than the presence of a superstore may have been important contributing factors. Therefore, this research was necessary to analyze factual data to examine the claims mentioned above. This case study examines the concerns addressed in the literature review and focuses on the variables such as property values, vacancy rates, and rent fluctuations.

CHAPTER IV

METHODOLOGY

The central hypothesis for this study is that superstore development adjacent to small rural communities diminishes the economic viability of the central business districts (CBD). If this is true, the negative effects of superstore development may be reflected in a decrease in property values and an increase in title transfers. Superstore development on the fringe the city limits of Charlotte, Michigan was correlated with an objective measure of property values, title transfers, and the business decisions of business merchants and building owners located in Charlotte's CBD. For the purpose of this study, property values and title transfers were the indicators of economic viability of the CBD located in Charlotte. The following report on the methodology used in this study includes the selection of the area, selection of subjects, hypotheses tested, and the analysis of data.

Selection of the Area

The area of study is Cochran Avenue, the "main street" in Charlotte, Michigan. Charlottes "main street" still has some of the old town flavor of dated brick buildings, remnants of 19th century architecture, and people walking along the sidewalks window shopping. The main street still is home to a variety of business including the five and dime drug store, a restaurant, a local pub, a jeweler, beautician, and the local newspaper.

Being relatively an agricultural community, it is common to see the local farmers in their overalls and cowboy hats, and many of the children participating in 4-H and Frontier Days, the local rodeo. Cars have replaced the horse and buggy and the hustle and bustle of the local entourage is slightly less noticeable, however, Charlotte's "main street" is still a functioning economic component to the area. This study focuses primarily on businesses merchants and building owners located on Cochran Avenue, the CBD for Charlotte (Fig. 2).

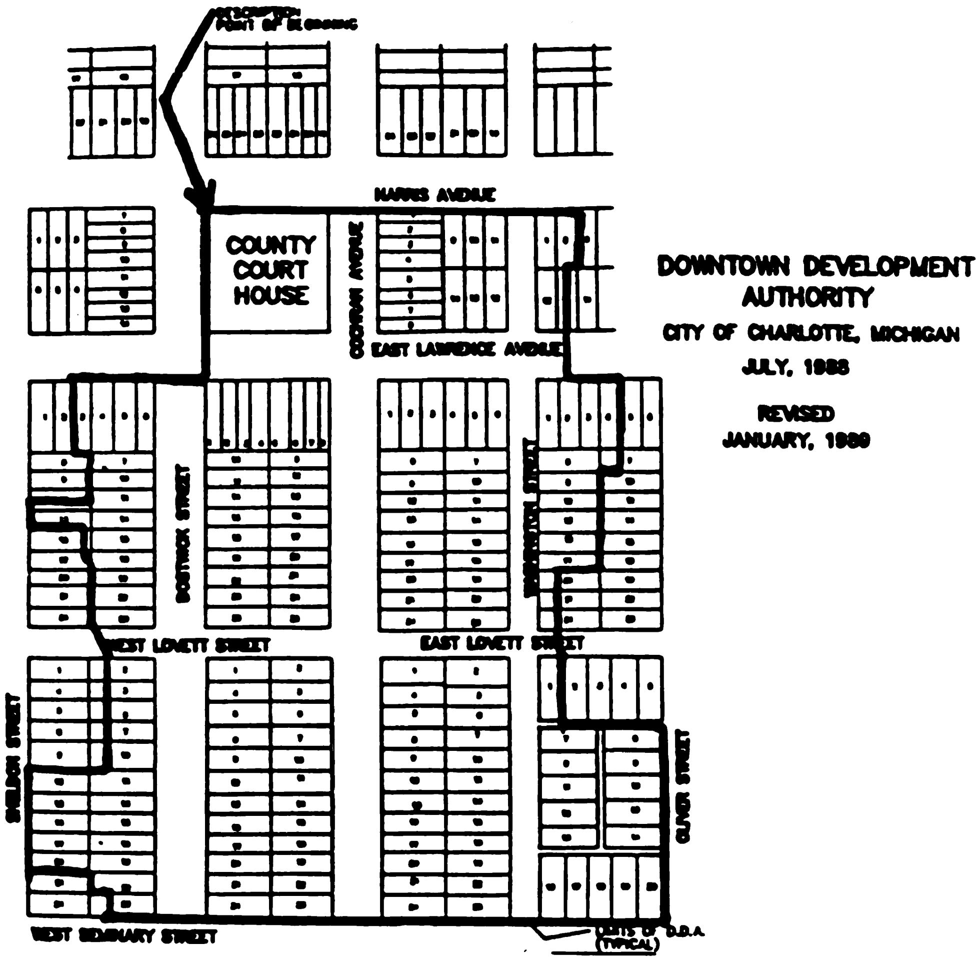

Figure 2. Boundaries of the Central Business District in Charlotte, Michigan

Selection of Subjects

CBD merchants and CBD building owners were identified as stakeholders in the preservation of Charlotte's CBD. Charlotte's Downtown Development Authority (DDA) defined the boundaries of the CBD and provided data and mailing lists for the area described as the CBD. (Please refer to Fig. 2). The mailing list from the DDA was used to identify all businesses and building owners located within the CBD. The merchants in the CBD were put into two categories: competitors and non-competitors. The Standard Industrial Classification Code (SICC)[11] which categorizes merchandise was used as a means of classifying or categorizing these outlets. Merchants that sold merchandise in their stores similar or the same type as Wal-Mart sell were classified as competitors of Wal-Mart. Merchants who did not sell merchandise comparable to Wal-Mart were classified as non-competitors. The reason for distinguishing competitors and noncompetitors is that the two groups are likely to be affected differently by the presence of a superstore in the area. Those merchants carrying similar merchandise- competitors- could be affected very directly by and quite soon after the opening of the superstore doors. Noncompetitors, or those businesses providing services or selling merchandise not sold by the superstores, it is thought, would not be so likely to experience superstore impacts immediately. Rather, such establishments might decline over longer periods as the CBD declined, if in fact the superstore phenomenon proved to be destructive to the city's business district. The researcher was particularly interested in competitors to learn

[11] US Bureau of the Budget, Standard Industrial Classification Manual, Washington: US Government Printing, 1976.

just about the impact they experienced and secondly the types of adjustments they made to deal with the new circumstances.

Hypothesis 1

Relationship of Property Value Change with Superstore Development

The first hypothesis asserts that declining property values in the CBD were associated with superstore development. If the value of the business, measured by property assessments, declines, the value of the property including the land and the building, will presumably depreciate. To test this hypothesis, State Equalized Values (SEVs) data for the period 1988-95 for property parcels locates within the area of study were obtained from the Charlotte city clerk.. The mean value of properties was taken for competitors, non-competitors, and unknowns during the 1988-95 period. The "unknown" designations were related to properties listed by the tax assessor as retail properties in the CBD, but the merchandise traded in their buildings was unknown by the researcher. Buildings for which assessments for particular years were missing were not considered.

Hypothesis 2

Superstores Related with the Instability of Ownership and Changes in CBD Rents

The second hypothesis asserts that the pressure of a superstores led to instability among the merchants and other businesses in the affected area. The expectation is that such instability would be more pronounced among competitors than noncompetitors. The researcher surmised that if the forgoing were true, the instability would be reflected in the level of turnover in building ownership. Further theory underlying this line of inquiry is that as merchants experienced financial difficulty in conducting their businesses, they would close their business. Thereby rendering vacant the storefronts in which the business was located.

If this scenario played itself and in any substantial way, then, it was expected that as businesses closed the vacancy rate would increase and rents, because of the declining demand for space, would drop. These factors, it was thought, would lead to building owners to sell out.

To determine whether such a hypothetical construct was true in this case, the researcher gathered data on these points. Data on the change in ownership were secured from the records in the tax assessor's office. The records covered the period beginning in 1988-1995. The researcher gathered other data from a questionnaire and survey to determine when buildings may have experienced vacancies in conjunction with the superstore development. A series of questions was used to determine the building owners background and involvement in the community. Refer to Appendix A for the Building Owners' Confidentiality and Instruction Form, and survey. The questionnaire includes inquiries regarding the following topics:

- Date the building was purchased.
- Business turnover (e.g., the number of businesses that have left the CBD building during the period 1985-96.
- Fluctuations in rent per square foot.
- Ownership of buildings near I-69 interchange.
- Demand for space near I-69 interchange.

- Differences in rent between rent per square foot for buildings in CBD and buildings near I-69 interchange
- Involvement in community and residency.

Data on the sale and purchase prices of buildings also would have been helpful to determine the effect of superstores on the marked value of the properties. Such data , had they been available, could have been used to gain an indication if whether the conclusions theoretically brought in by the superstores depressed the marked value. These data, however, were not made available.

Hypothesis 3

Superstore Affects on CBD Business Merchants

The third hypothesis is stated as follows: certain business decisions of merchants in the CBD were associated with superstore development. This hypothesis asserts that CBD merchants will change the volume, type, and price of the merchandise sold as ways of adjusting to the competitive conditions brought by the superstore. To test this hypothesis, the researcher surveyed the merchants located in Charlotte's CBD to explore the changes in business practices of CBD merchants. A series of question was also used to determine the business owners residency and involvement in the community. (See Appendix B for the Business Merchants' Confidentiality and Instruction Form and Survey.) The questionnaire includes sections on the following areas:

- Type of merchandise sold.
- Changes in revenue from sales and services between 1985-95 of each business in the CBD.

- Relationships between changes in revenue between 1985-95 and business in the CBD that sells merchandise similar to that sold in superstores.
- Changes in the number of part-time and full-time employees between 1985-95.
- Relationships between changes in the number of employees and the goods/services sold.
- Relationships between retail/services and changes in business volume between 1985-95.
- The merchant's stake in the building in which business is located, i.e., building owner or renter.
- The extent to which merchants changed the amount spent on advertising between 1985-95.
- The business owner's residency and involvement in the community.

Both surveys were mailed to the merchants and building owners located within Charlotte's CBD as indicated by the DDA mailing list. All surveys were attached with a cover letter that explained the purpose of the survey and the support and endorsement of the DDA. Because of the low number of surveys returned by mail, the researcher personally visited the merchants and hand delivered the survey. A greater number of surveys were retrieved during that visit and a greater number of responses were received in the mail after the visit.

Analysis of the Data

The SEV data collected from the Charlotte City Clerk's office were compiled into a Statistical Package for Social Science Research (SPSS) matrix.[12] A graph was produced to assess changes in CBD commercial property values and title transfers. A chi-square test was used to determine if the number of title transfers between 1988-1995 were associated with a particular type of business.

Survey data from the building owners' survey was compiled into a SPSS matrix. The matrix was comprised of survey responses from each individual building owner. Tests of central tendency, means, and percentages were used to examine the answers to the building owners' questions.

The survey data from the survey of merchants were compiled into another SPSS matrix to analyze the categorical data. Tests of central tendency, means, and percentages were used to examine the data for each question. Furthermore, respondents were categorized as competitors or non-competitors depending on the type of merchandise sold. Chi-square tests were used to determine statistical significance, if any, between the number of employees hired during the 1985-95 period and the type of business, and changes in business operation hours during the 1985-95 period and the type of business. A chi-square test was used to determine a statistical significance between the type of business and whether the business merchant believed to be affected by Wal-Mart. In addition, the amount of rent per square foot in the CBD before and after the superstore development was examined. Graphs and tables were used to describe the results.

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[12] Nurusis, Marija, 1996, SPSS. Statistical Package for Social Science Research, Prentice Hall, Inc.

CHAPTER V

RESULTS

Residents in the United States continue to move away from larger, dense cities to rural and less populated communities. However, as populations grow, it is not long before new commercial development occurs to meet consumer demands in the area. Often, such new commercial establishments develop on agricultural open land on the fringe of the city. Depending on the nature of the developments, merchants in the nearby city can open an additional store to take advantage if the market being created. In other situation, however, the fringe commercial development is a superstore such as Wal-Mart or Kmart. Usually, these establishments are built in the rural fringe area in a format that does not accommodate additional merchant competitors.

This study addressed the fears that central business district (CBD) merchants and CBD building owners experience when superstores develop and operate in the edge of small, rural communities and how these groups responded to this fear. According to the literature, Wal-Mart has a practice of targeting smaller towns and lower income areas for its store locations (Stone 1995). Superstore development and the threat of bankruptcy throws many small towns into a panic. The case studies, discussed earlier, reported that merchants fear the presence of Wal-Mart and other similar superstores because they believe the Main Street merchants will not be able to compete and will thus have to close their businesses.

Charlotte, become one of these cases when, 1990, Wal-Mart opened one of its stores on the edge of the Charlotte city limits. The focus of the study is to determine whether certain economic changes that occurred in Charlotte's CBD could be related to Wal-Mart's superstore. Background research revealed that some Charlotte residents were concerned about two things: the expansion of the I-69 and the development of Wal-Mart. The I-69 corridor was completed in 1990 about the same time Wal-Mart was developed. Local merchants from Charlotte formed the group "Future Charlotte" and collaborated with Eaton County Extension to address the issues associated with the two projects.[13] Although business merchants of the small central business district feared the loss of businesses and declines in property values, they came to the realization that their fears would become real only if the merchants would take action to adjust to the new competitive environment.

For the purpose of this study the following variables obtained in the business merchant survey were used to indicate alterations in the business merchants market behavior were adjusting business hours, changing product/service lines and prices, and changing advertising strategies. This study seeks to examine whether the Charlotte CBD merchants and building owners feared these changes, and what actions they took to maintain the business to sustain the CBD.

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[13] Serene, Della, "Future Charlotte," *Charlotte Shopper and Eaton County News,* 1990.

HYPOTHESIS 1

Property Assessments Between 1988-95

The first hypothesis asserts that the construction and opening of superstores in the region would lead to a decline in property values. The concern of merchants, owners of business properties, and officials is that superstores draws business from the CBD, and the market values of the building in the CBD would decline. To measure the effect of the superstores on CBD property values, records from the tax assessor's office were reviewed. (Tax assessments are calculated to reflect one-half of "true cash value" or market value.

Fifteen of the businesses were categorized as direct competitors because of the merchandise sold in the storefronts. The second category- noncompetitor- consisted of businesses that occupied space in the CBD but not conducting business that competed with Wal-Mart. The third category, as noted earlier, were buildings in which the type of business or merchandise was unknown to the researcher.

Property values did not drop dramatically following the opening of Wal-Mart as merchants and building owners in the CBD fear. In fact, property assessments during the 1988-85 period actually rose. The analysis, however, is a little more complicated.

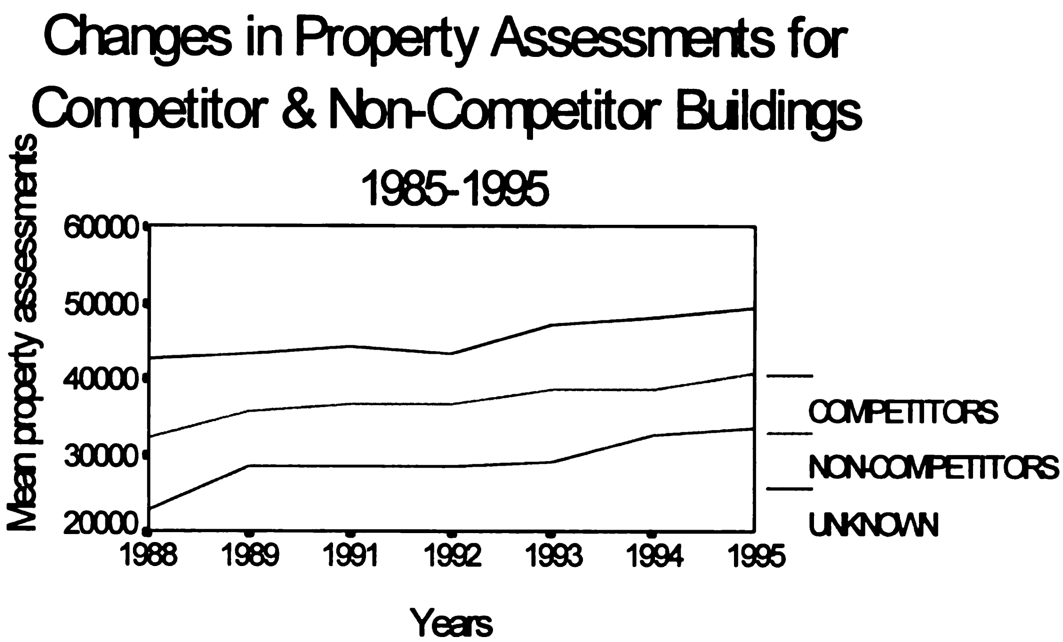

Figure 3 Property Assessments for Competitors and Non-competitors during the 1988-95 period.

State equalized values, according to the state constitution, state statutes and administrative rules, are to reflect "true cash value." Property tax assessors use a combination of ways to determine their values-replacement cost, sales value of comparable buildings, and, in some instances, the income (rents) a building may generate. However, a valuation is not made each year. Rather, once a thorough evaluation has been made, its value for the subsequent year is usually adjusted for inflation to reflect replacement costs. Further adjustments would also likely be made to reflect improvements made to the building.

HYPOTHESIS 2

In the Eyes of the Building Owner

The second hypothesis asserts that the pressure of a superstores leads to instability among the merchants and other business in the affected area. The expectation is that such instability would be more pronounced among competitors than noncompetitors. To determine the validity of the hypothesis, data was gathered from records in the tax assessors office, as well as from a survey administered to the current CBD building owners.

Title Transfers

Transfers of title for buildings located within Charlotte's CBD during the 1988-95 period revealed that more retail/store space than office space, and restaurant space had turned over. The title transfers correlated with competitors and non-competitors was statistically significant (X^2= .0032). Sixty-eight buildings were examined for this analysis. Table 1 reveals that competitors had 30 total title transfers during the 1988-95 period. This was 25 percent more than non-competitors. The high number of stores that turned over during the 1988-95 period may indicate that business merchants could not compete, were losing money, and were forced to move out of the CBD.

TABLE 1. Transfer of Title During the 1988-95 Period.

	No. of Title Transfers	Percent of Buildings
Competitors	30	44
Non-competitors	13	19
Unknown	25	37
Total	68	100

The building owner survey tells the story from the perspective of the building owners. Therefore, it was necessary to conduct a survey of both building owners to obtain facts about the business turnover and economic factors that may have affected the CBD between 1988-95. The building owner survey measured the second hypothesis by examining changes in the vacancy rates of the CBD storefronts from the period 1985-95. The survey was administered to 59 building owners, 19 of whom responded. In addition, the purpose of the survey was to determine building ownership, and fluctuations in rent.

Building Ownership

Respondents indicated that 69 percent owned one building in the CBD and 31 percent owned at least two or more buildings in the CBD between 1974-96 (Table 2).

TABLE 2. Number of Buildings Owned in Charlotte's CBD.

Number of Buildings Owned	Number	Percent
1	11	69
2	5	31
Total	16	100

If building owners felt threatened by the development of superstores, a decrease in the number of buildings purchased in the CBD should have occurred around 1981 at the time Kmart opened a superstore and again in 1991 when Wal-Mart opened. According to survey respondents, building owners must not have felt threatened by the existence of Kmart in 1981 because they continued to purchase buildings in the CBD between 1980-86 (Table 3). There is, however, a decrease in the number of buildings purchased occurred between 1986-91, the same time as the development of Wal-Mart (Fig. 4). Buildings were purchased immediately following the opening of Wal-Mart by two buyers after 1991.

Furthermore, table 4 indicates that survey respondents purchased at least one more building in the CBD between 1982-96. The second buildings were not purchased between 1991-92 at the time of Wal-Mart's grand opening. The Wal-Mart development may have influenced decisions of survey respondents not to purchase any additional buildings between 1991-92, but purchasing activity quickly resumed in 1993.

TABLE 3. **Years First Buildings Were Purchased in CBD.**

Year	Number	Percent
1974	1	6.3
1975	1	6.3
1977	2	12.5
1978	3	18.8
1980	1	6.3
1982	1	6.3
1984	1	6.3
1985	3	18.8
1991	1	6.3
1992	1	6.3
Total	16	100

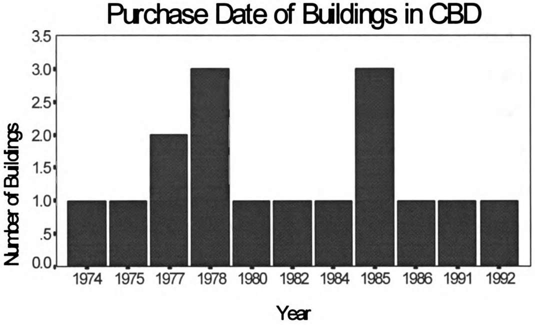

Figure 4. Number of Buildings Purchased by Survey Respondents Between 1974-92.

TABLE 4. Years Second Buildings Were Purchased in CBD.

Year of Purchase	Number	Percent
1982	1	6.3
1985	1	6.3
1989	1	6.3
1993	1	6.3
1996	1	6.3
N/A	11	68.8
Total	16	100.0

CBD Rent Fluctuations

The hypothesis asserts that if businesses closed, the vacancy rate would increase and rents, because of the declining demand for space, would drop. These factors, it was thought, would lead to building owners to sell out. This study examined the changes rent during the 1985-95 period. Building owners were asked to report any increases and decreases in rent that occurred during this period. If businesses experienced negative affects from the superstore development and became less profitable, the changes would be reflected in rental changes. On the other hand, businesses in the CBD were profitable then the building rents were not directly affected by superstores. Of the number of building owners that responded to the survey, 18.2 percent reported that per square foot rents rose after Wal-Mart began operations (Table 5). Only 9.1 percent reported decreases in rent rates. Most respondents- 72.7 percent- reported rent prices stayed the same.

Because a high percentage of building owners reported that rent prices did not fluctuate, it appears reasonable to concluded that Wal-Mart did not affect the value of the building space. Inflation and building improvements could account for the 18.2 percent of survey respondents that indicated rent prices increased.

TABLE 5. Changes in Rent after Wal-Mart in 1991

	Number	Percent
Increased	2	18.2
Decreased	1	9.1
Stayed the Same	8	72.7
N/A	8	
Total	19	100.0

Building Owners As Stakeholders in the Community

Fringe development can have a significant effect on the existing business community and preservation of the CBD depends a great deal on the dedication of the members of the business community. This study was interested in determining the level of commitment that building owners had in the community. Their commitment to the community and maintaining the vibrancy of the CBD is important to offsetting pressures Wal-Mart could have on the CBD. The owners of the buildings in Charlotte's CBD should have a high interest in the economic well-being of the CBD if they wish to maintain the value of their buildings. It is possible that many of the building owners have significant portions of their estate mortgaged in the building. Additionally, many of the

CBD merchants have little to gain by walking away from buildings and allowing them to be abandoned. Therefore, their long term economic success is linked to their commitment to the community.

The survey instrument included questions about their involvement in the community and business organizations such as the DDA, the local Chamber, and service clubs. The instrument also asked whether they resided in the city. All of these questions were posed to provide an indication of their economic and social stake in the community and the premise that the building owners who were strongly involved in the community would be more strongly motivated to maintain the economic vitality of the Charlotte CBD. Thus to the extent that the building owners had deep economic and social stakes in the Charlotte community could explain, at least in part, the effect or lack of effect the superstore development would have.

An overwhelming number of survey respondents revealed that they belonged to the Charlotte Downtown Development Authority, the Charlotte Chamber of Commerce, other community organizations, and actually resided in Charlotte. Of the building owners surveyed, 81.3 percent belong to the DDA and 18.8 percent are not members (Table 6). In addition, only 53.3 percent of the survey respondents are members of the Charlotte Chamber of Commerce (Table 7). Of the building owners surveyed, nine belong to the Rotary Club, the Lions Club, GFWC, and Kiwanis (Tables 8 and 9).

TABLE 6. Number of Building Owners Who are Members of the DDA

	Number	Percent
Yes	13	81.3
No	3	18.8
Total	16	

TABLE 7. Number of Building Owners Who Belong to the Chamber of Commerce

	Number	Percent
Yes	8	53.3
No	7	46.7
N/A	1	
Total	16	

TABLE 8. Building Owners Who Belong to other Community Organizations

	Number	Percent
Yes	9	56.7
No	7	43.3
Total	16	

Of the building owners surveyed, six are residents of the City of Charlotte, four live outside the city but within the Charlotte School District, two live outside of Charlotte but in Eaton County, and only two report living outside of Eaton County. One of the survey respondent who reported living outside of Eaton County is retired and resides in another state. These data, then indicate that building owners, for the most part, are generally involved in community organizations and 6 out of 14 reside in City of Charlotte (Table 10). Therefore, survey respondents are probably concerned about their community and would benefit from a well-balanced community development plan.

TABLE 9. Residency of Building Owners

	Number	Percent
Charlotte City Limit	6	42.9
Charlotte School District	4	28.6
Outside Charlotte, but in Eaton County	2	14.3
Outside of Eaton County	2	14.3
Total	14	100.0

HYPOTHESIS 3

Wal-Mart in the Eyes of the Merchants

The third hypothesis is stated as follows: certain business decisions of merchants in the CBD were associated with superstore development. This hypothesis asserts that CBD merchants will change the volume, type, and price of the merchandise sold as ways of adjusting to the competitive conditions brought by the superstore. The merchants appear to have a large stake in the health of the CBD. According to the literature, merchants fear that stores will lose revenue, as mentioned earlier in the case study review. If the merchants fear loss of revenue and the loss of customers to the giant one-stop shopping conglomerates, then what are the merchants doing to adjust? In order to understand any changes in merchant business patterns between 1985-95 it was necessary to conduct a survey of all business merchants located within Charlotte's CBD (Fig. 2). To test this hypothesis, a survey was administered to business merchants located on Cochran Avenue, Charlotte's CBD.

Business Owner Survey

A total of 28 merchants in Charlotte's CBD responded to the Business Owner Survey. Of these establishments, 16 were classified as direct competitors because of the merchandise they sold. The categories considered as direct competitors were pharmacy/drug, furniture/appliance, and clothing/sports/shoes. As mentioned in the methodology, each business was also associated with its proper Service Industrial Classification Code (SICC). These codes are used to create a uniformity by numbers of all industry's (Table 10). The breakdown of survey respondents and businesses is as follows (Table 11):

TABLE 10. Service Industrial Classification Codes

Type of Industry	SIC Code
Eating & Drinking Places	581
Grocery Stores	541
Drug Stores & Propriety Stores	591
Furniture & Home Furnishings	571
Men's & Boys Clothing	561
Sporting Goods & Bicycle Shops	5941
Shoe Stores	566
Gift, Novelty & Souvenir Shops	5947
Mortgage Bankers & Brokers	616
Real Estate Operators & Lessors	651
Legal Services	811
Beauty Shop	723
Carpet and Rugs	227

TABLE 11. Types of Businesses that Responded to Survey

Business	SIC Code	Number of Respondents
Restaurant/Bar	581	1
Food Store	541	1
Pharmacy, drug store	591	2
Furniture, appliance	571	1
Clothing	561	1
Shoes	566	1
Sporting Goods	5941	2
Retail Unknown		5
Floral, gifts	5947	4
Beauty Shop	723	1
Banking	616	2
Real Estate	651	1
Legal Services	811	4
Carpet and Rugs	227	1
Service Industry Unknown		1
Total		28

Classifying the merchants into two groups, competitors and non-competitors allowed the researcher to categorize the merchants responses and focus on businesses only considered to be competitors. This was significant in the research because competitors would be more fearful of stores such as Wal-Mart than non-competitors and would be more likely to make changes to business practices. The researcher surmised that a statistical correlation would exist between competitors and their response regarding whether competitors were affected by Wal-mart, competitor response to competition, changes in hours of operation, advertising strategies, and long term investments to the community.

The first category analyzed was competitor and non-competitor response to Wal-Mart's location and operation. A correlation between competitors and non-competitors and whether they were negatively or positively affected by Wal-Mart proved to not be statistically significant. However, the test indicated that 83 percent of competitors were negatively affected by Wal-Mart (Table 12). Only 50 percent of the non-competitors were negatively affected by Wal-Mart and the other 50 percent of non-competitors were positively affected by Wal-Mart. The 50 percent of non-competitors negatively affected sold arts and crafts. These stores were not included in the competitors category because the majority of goods sold were not comparable to Wal-Marts merchandise.

TABLE 12. Businesses Affected by Wal-Mart.

	Negative	Positive
Competitors	5	1
Non-competitors	2	2
Total	7	3

Businesses Negative toward Wal-Mart

Five competitors believed that they were negatively affected by the introduction of Wal-Mart to the Charlotte area. Two of these merchants believed that fewer people came to the downtown area because of the convenience Wal-Mart's one-stop shopping provided. Three merchants felt that Wal-Mart cut into their general sales, and two merchants believed Wal-Mart sold merchandise at a lower price than merchants were able to buy wholesale. However, all five merchants indicated that in order to compete, they were forced to become more specialized and more personalized.

Businesses Positive/Neutral toward Wal-Mart

One competitor indicated that Wal-Mart did not provide the same product quality that was provided in their store. Presumably this merchant perceived his/her merchandise to be better than Wal-Marts. Another furniture/appliance store revealed that they were not affected by Wal-Mart, but changed product line/services in 1995. Of the non-competitors, three banking, insurance, and real estate owners revealed that they were not affected by the opening of Wal-Mart. One of these merchants believed Wal-Mart was a positive aspect of the community in the minds of people moving to Charlotte. The eight remaining service oriented businesses revealed that they were not affected by Wal-Mart and remained neutral on the issue.

Businesses that Responded to Wal-Mart Competition

The following examines the different conditions that merchants had to adjust to meet the needs of the new market. If the fears expressed in the case studies regarding loss of revenue to Wal-Mart and the threat that businesses would be forced out, the business owners in Charlotte's CBD would have either closed down or found a new niche in the market. It was necessary to ask Charlotte CBD merchants what changes they may made to product lines, services, and prices when Wal-Mart opened for business in 1991. Responses from both competitors and non-competitors were examined in this section, however, responses from competitors were considered to be more closely associated with Wal-Mart.

Competitors and non-competitors were examined for changes in product lines, services and prices for 1985, 1990, and 1995. The merchant's responses for 1985 were not statistically significant. In 1985 there was an equal percentage of non-competitors, 50 percent, and competitors, 50 percent, that changed product lines and services. Merchants revealed in the survey that they changed product lines and services to meet the needs of the changing market. One competitor also extended business hours to meet the needs of their customers. Twenty-two merchants did not respond to this question, suggesting that many stores did not take action to adjust to the changing market.

However, the statistically significant (X^2=.049) correlation between responses and competitors and non-competitors for 1990 indicates that more competitors made adjustments to merchandise and product prices (Table 13). In 1990, 80 percent of the competitors changed product lines and services and 20 percent had other strategies. Only one non-competitor changed product prices in 1990.

TABLE 13. Business Response to Market Change in 1990

	Number	Percent
Competitors that changed product lines/services	4	80.0
Competitors that changed product prices	1	20.0
Non-competitors that changed product prices	1	
Total Businesses Surveyed	28	100.0

In 1995, four business merchants were still making adjustments to goods and services because of Wal-Mart. The correlation between merchant responses in 1995 and competitors and non-competitors was not statistically significant. Although the test was not significant, of the competitors, 67 percent changed their product line/services, and 33 percent changed product/service prices. There was only one non-competitor changed product lines and services. Although Wal-Mart had been in operation for five years, competitors may have felt it was still necessary to make product and price adjustments to meet consumer demands.

Advertising Strategies

Any of the businesses merchants that believed Wal-Mart was taking away customers and profit during the 1985-95 period could have changed advertising strategies to tap into more prosperous markets. Merchants could have marketed products to a different clientele, placed more advertisements on radio and television stations, changed the way products were revealed, as well as other product/service enhancing techniques. The survey revealed what business merchants actually did try to adjust to market demands and competition.

To test whether merchants were making adjustments to advertising strategies, competitors and non-competitors were correlated with the respondents answer to advertising strategies. This test was close to being statistically significant (X^2=.054) However, the test indicated that a larger proportion of competitors and non-competitors did not change advertising strategies. Of the competitors, 33 percent changed advertising strategies and 67 percent did not change advertising strategies. In the same manner, 100 percent of the non-competitors surveyed did not change advertising strategies (Table 14). The 33 percent of competitors that changed their advertising strategies revealed that they had to specialize their market, unify their business to make downtown a shopping destination, emphasize services, and run promotional price advertisements. Therefore, four business merchants felt the economic pressure of Wal-Mart competition and addressed the situation with new business campaigns. Overall, business merchants were not concerned with Wal-Mart competition because 24 other businesses did not need to adjust any advertising strategies.

Table 14. Merchants that Made Adjustments to Advertising Strategies.

	Yes	No
Competitors	4	8
Non-competitors	0	4

Businesses that Changed Hours of Operation

Another response by merchants in the presence of Wal-Mart and Kmart competition was changes to hours of operation. Hypothesis three tested changes CBD merchants made to their hours of operation during the 1988-95 period. A correlation between competitors and non-competitors and changes in business hours of operation during the 1988-95 period was statistically significant (X^2=.015) (Table 15). This test indicated that the majority of business hours changed in 1988, a possible result of direct competition with Kmart, and 1995, a possible association to Wal-Mart and Kmart competition. Of the survey respondents, 83 percent of the competitors and only 38 percent of non-competitors found it necessary to change their business hours during the 1988-95 period. The following reasons were given by survey respondents: customer complaints, slowdown of business, no shoppers downtown after 6:00 $_{\text{P.M.}}$ customer counts were down, customer shopping habits, determined after 6:00 $_{\text{P.M.}}$ to be unprofitable in the fall, people not in town shopping on Sundays, seasonal changes, expanded hours to be more available to customers. However one business merchant revealed that business hours were extended to increase business opportunities.

One floral and gifts merchant indicated that hours were adjusted because of community pressure and the area school schedule. A local banking institution augmented hours of operation to increase customer service. These extended hours may stimulate later shopping activity in the CBD. Two service oriented merchants changed operating hours because of seasonal change and one legal/accounting/real estate business owner changed office hours due to customer demands.

TABLE 15. Changes in Business Hours During the 1985-95 Period

	Changed Business Hours	
	Yes	No
Competitors	10	2
Non-competitors	6	10

Changes in the Number of Employees

For the purpose of this study, it was hypothesized that if the number of employees for CBD merchants decreased during the influx of superstores, the CBD merchants were negatively affected by Wal-Mart. All respondents were categorized as either a competitor or non-competitor. There was no significant correlation, however, between the number of employees hired during the 1988-95 period and whether the respondent was a competitor or non-competitor. Figure 5 shows that employee number of employees stayed fairly constant. One respondent from the competitor category indicated in their survey response that business was prosperous in 1988 and they were able to triple the size of the staff. However, the merchant was forced to layoff all employees when the store closed in 1991. The merchant believed that the store closing was associated directly with the development and operation of Wal-Mart.

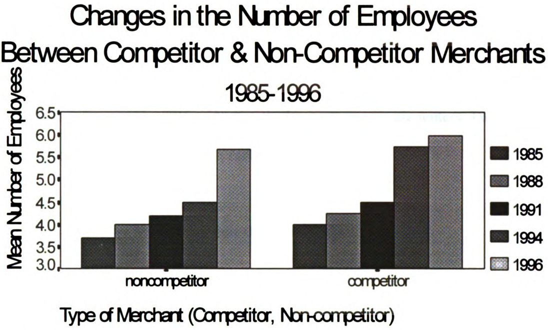

Figure 5. Changes in the Number of Employees Between Competitors and Non-competitors, 1985-96.

Business Merchants as Stakeholders in the Community

The literature on communities indicated that the economic condition of the community was the backbone of the community's prosperity. Investigating Charlotte's history revealed that many residents came forward with a concern about the growth of the community.[14] The survey of business merchants attempted to determine their involvement in Charlotte's economic and community prosperity. For the purpose of this study, the indicators for long-term community investment were building ownership, the merchants involvement in community organizations, and the merchants residency.

[14] Serene, Della, "Future Charlotte" *Charlotte Shopper and Eaton County News*, 1990.

Building Ownership

Owning the building in which the store is located indicates a monetary investment in the community. Of the business owners surveyed 69.2 percent own the buildings that the business is located and 30.4 percent of the business owners are renters. Two of business merchants did not respond (Table 16).

TABLE 16. Business Merchants that Own Buildings

	Number	Percent
Businesses Owners That Own Building	18	70
Businesses Owners That Rent Space	8	30
N/A	2	
Total	28	100

The Downtown Development Authority

The mission of Charlotte's Downtown Development Authority (Fig. 2) is to unify and beautify downtown Charlotte, provide for the enhancement and economic growth of the downtown area, and promote community pride.[15] As mentioned earlier, the DDA's funding source comes from the taxes collected each from the growth in property assessments of CBD buildings (Fig. 2). Merchants located in the CBD are asked to become members of the DDA. Membership allows the merchants to be key players in promoting Charlotte's CBD. Participation in the DDA was correlated with competitors and non-competitors (Table 17). This test was not statistically significant, but of the

[15] Taken from the Charlotte Downtown Development Authority Mission Statement, 1988.

merchants surveyed, 82 percent of the competitors and 69 percent of the non-competitors belong to the Charlotte DDA. Even though more than half of the survey respondents participate in the DDA, there are still merchants in the CBD who do not express concern with the economic development and enhancement of the area.

TABLE 17. Business Owner Involvement in the DDA

	Yes	No
Competitor	82%	18%
Non-competitor	69%	31%

The Charlotte Chamber of Commerce

As was mentioned earlier, the Charlotte Chamber of Commerce has a mission to create economic development in Charlotte and the respective townships adjacent to Charlotte. However, the chamber also responds to its membership. The Chamber of Commerce operates by dues collected from its members.[16] Therefore, if CBD merchants are not members of the Chamber of Commerce, they may not see the Chamber participating in economic and enhancement activities in the CBD. To test this, participation by survey respondents in the chamber was correlated with competitors and non-competitors. Of the two categories, 58 percent of the competitors and 54 percent of the non-competitors belong to the Charlotte Chamber of Commerce (Table 18).

[16] Mission statement of the Charlotte Chamber of Commerce.

TABLE 18. Business Owner Involvement in the Charlotte Chamber of Commerce

	Yes	No
Competitors	58%	42%
Non-competitors	54%	46%

Involvement in Other Community Organizations

In the same manner, involvement in other community organizations was correlated with competitors and non-competitors. Of the merchants surveyed, 50 percent of the competitors and 36 percent of the non-competitors belong to other community organizations. The other organizations that the active business owners belong to are the Rotary Club, the Optimists Club, the Lions Club, GFWC, and the Kiwanis Club (Table 19).

TABLE 19. Membership in other Community Organizations

Community Club	Number of survey respondents
Rotary	6
Optimists	1
Lions Club	1
GFWC	1
Kiwanis	1
Total	10

Residency of the Business Owners

The residency of the merchants was considered to be a significant indication of community involvement. The researcher believed that if a higher percentage of merchants lived within the city limits than there would be a stronger indication of community preservation. The assumption that residency can be correlated with one's desire to preserve the community was difficult to test. Although. the correlation between competitors and non-competitors and their residency was not statistically significant, of the merchants surveyed, 50 percent of the competitors and 53 percent of non-competitors live within Charlotte City limits. Furthermore, of the competitors 25 percent live within the Charlotte School District. Only 17 percent of competitors live outside Charlotte in Eaton County, and the remaining 8 percent of competitors live outside of Charlotte. Of the non-competitors 20 percent live within the Charlotte School District. Only 20 percent of the non-competitors live outside Charlotte, but in Eaton County, and the remaining 7 percent live outside of Eaton County.

The residency of the business merchants clearly indicates that a majority reside and work within the city limits. The results of the survey indicate that the current business merchants are actively involved in the Charlotte business and social functions of the community.

What Can Charlotte Do in the Future to Preserve the CBD?

Stimulating the CBD

In order to increase rent and create demand for space in the CBD, consumers need to be attracted to the area. To drive up market demand for the buildings people must be convinced that the CBD is an excellent place to do business. Both CBD building owners and CBD merchants were asked questions associated with marketing and public relations for the CBD. Building owner revealed suggestions to stimulate business activity in the CBD (Table 20). Of the building owners surveyed, 33.3 percent believed a community picnic would attract people downtown, 44.4 percent were in favor of DDA sponsored sidewalk sales, and 22.2 percent believed that the only way to get people downtown is to clean up Cochran Avenue, make parking accessible to the shopper, and re-route highway traffic off of Cochran Avenue.

TABLE 20. Building Owner Suggestions to Stimulate the CBD

	Number	Percent
Community Picnic Downtown	3	33.3
Sidewalk Sales	4	44.4
Other	2	22.2
N/A	19	
Total	28	100.0

The merchants' survey also asked business merchants to give ideas on how activity could be stimulated in the CBD. The following are the business merchants responses (Table 21).

TABLE 21. Merchants' Suggestions to Stimulate the CBD.

	Number	Percent
Community Picnic	4	26.7
Sidewalk Sales	9	60.0
Other Events	2	13.3
N/A	3	
Total Businesses	25	100.0

Suggestions were given to the respondents to determine what community events they felt would draw consumers to the CBD to shop. Of the survey respondents, 26.7 percent believed that a community picnic would be beneficial, 60 percent would like to see community or DDA sponsored sidewalk sales and 13.3 percent suggested that more long-term actions be taken by the DDA to reroute people back into the downtown area. One business merchant believed that Eaton County attributed to the demise of the CBD when the county office was moved. In addition, one particular merchant felt that activities must sustain long-term health of the business community such as rerouting highway traffic off of Cochran Avenue, creating better parking for shoppers, and cleaning up the area. The same merchant also felt that Eaton County did not help the community by moving county offices out of the city.

CHAPTER VI

CONCLUSIONS AND IMPLICATIONS FOR FURTHER RESEARCH

The purpose of the study was to examine the economic issues associated with the development and operation of superstores on the fringe of small rural communities. The superstores addressed in this study have been operating on the "fringes" of Charlotte for over ten years. Ultimately, during this ten year period both Kmart and Wal-Mart may have been a factor in the closing of many stores in Charlotte's Central Business District (CBD). However, the results of this case study reveal that the CBD is still a functioning economic component to the City of Charlotte.

Conclusions

It was clear from the examination of property assessments during the 1988-95 period that the value for building space in the CBD did not decrease. Twelve out of fifteen CBD building owners made improvements to their buildings during the 1988-95 period which ultimately increased the value of the buildings. As mentioned earlier, the improvements may have been the building owners' reaction to the development of Wal-Mart. It can be concluded that Wal-Mart is not associated with a decrease in property assessments for CBD buildings on Cochran Avenue. However, it is important to note that property assessments for CBD buildings did not increase by a large percentage, therefore indicating there was not a large market demand to purchase buildings on Cochran Avenue. During this period the market demand was probably shifted away from the CBD area and concentrated near the new I-69 interchange.

The results from the tests of hypothesis two indicate that superstores lead to the instability of many merchants categorized as competitors. As mentioned in Chapter five, buildings in Charlotte's CBD that catered to retail stores transferred title more times than any other type of business during the 1988-95 period. Therefore, it can be concluded that the instability of competitive merchants in the CBD were associated with superstore development. In regards to rent fluctuations, the building owners survey concluded that the majority of respondents believed rent prices stayed constant during the 1985-95 period. It can be concluded from the survey that rent fluctuations are not associated with superstore development.

The results from the third hypothesis reveal that a majority of CBD merchants, considered to be direct competitors of the superstores, made changes to merchandise and prices to meet the demands of a new market. The results from these tests are important because they helped to measure a level of fear among business merchants. If the number of merchants that are direct competitors is high than there is a problem because a large number of stores may be forced to close. In the same respect there would also be a high level of fear. The structure of the business center is a function of the actual level of fear.

According to the Standard Industrial classification Code (table 1) 17 of the 28 survey respondents are considered to be direct competitors of Wal-Mart. Only seven respondents considered to be direct competitors of Wal-Mart felt that their businesses were negatively affected by the operation and development of Wal-Mart. As mentioned in Chapter five, five merchants changed product lines and services in 1985, a possible response to Kmart. In 1990, six merchants changed product lines, services and product prices, a possible response to Wal-Mart. Finally, in 1995 four merchants changed product lines and services, possible changes made to meet new market demands. The results of the merchants' surveys indicate that business decisions of CBD merchants were associated with the superstore development. It can be concluded that some business merchants felt Wal-Mart was taking away business from the CBD, but the majority of survey respondents did not concur. Many survey respondents indicated that they changed merchandise and specialized to avoid being a direct competitor of Wal-Mart. Therefore, it can be concluded that the majority of CBD merchants felt that their merchandise targeted a different market group. It can also be concluded that many merchants made the necessary changes to their hours of operation, the number of hired staff, and their merchandise to avoid being direct competitors of the superstores. This hypothesis is not supported because the majority of merchants located in Charlotte's CBD are not directly competing with Wal-Mart.

Implications for Further Research

It must be noted that there was difficulty collecting accurate data in the Charlotte Tax Assessor's office. Information on property assessments during the 1988-1995 period was written on individual notecards and the actual square footage assessed was not expressed clearly on each card. In addition, the city updated its system in 1995 to a computer program. It was difficult for the researcher to maintain a strong comparison between each assessment because the computer system utilized a different methodology in presenting the data. The notecards lacked much of the information presented in the computer analysis of each property. Furthermore, many building owners made changes in the property which offset declines in the assessed property values. The tax assessor's cards did not clearly state the degree of improvements made, therefore, it was difficult to account for individual actions of CBD building owners.

In the same respect, it was difficult to associate changes in property assessments with Wal-Mart. There are other places in the same region of Charlotte that may be pulling shoppers away from the CBD. For example, the Lansing Mall, Meijer Thrifty Acres, Target, and another Kmart are located in Delta Township, a twenty mile distance from Charlotte's CBD. In addition, the area surrounding Charlotte has increased in population over the past ten years thereby, increasing the general market area. It can be argued that not all the sales from Kmart represent those taken from Charlotte's CBD. These sales may have been taken from somewhere else.

Finally, it can be concluded that changes in Charlotte's CBD may be associated with Wal-Mart, but are not directly a result of Wal-Mart. The results of the CBD merchant's and building owner's survey, presented in this study, were used to examine the level of fear held by CBD merchants and building owners regarding the development and operation of Wal-Mart. These results are not intended to convey a direct cause and effect relationship between the CBD and Wal-Mart.

Businesses and Community Groups Functioning Together

This study also examined the two major business organizations that exist in Charlotte, the Charlotte Downtown Development Authority (DDA) and the Charlotte Chamber of Commerce and the level of participation by CBD merchants and building owners in these organizations. During the course of this study, some CBD merchants expressed that the DDA and the Chamber do not coordinate efforts and are not working toward the good of the area. These accusations may be entirely true, but it is only due to the nature of each organizations' mission statements. The DDA was formed in 1988 by an act of legislation.[17] DDA finances come from the taxes collected from the growth in property assessments for buildings located within the DDA's boundaries. Thus, DDA focus is only on the CBD. The Chamber on the other hand has a much broader vision. The Chamber's membership includes over 600 businesses from the entire Charlotte area. According to the Chamber, the area includes Charlotte and the surrounding townships. With this fact in mind, it is no surprise that both Wal-Mart and K-Mart are members of the Charlotte Chamber of Commerce.

According to the Chamber, it provides "the best and least expensive way to invest in Charlotte's future, and in turn, your own."[18] However, the mission does not necessarily mean preserving the downtown. CBD preservation comes from visioning and planning the future for the CBD through participation of the CBD merchants and building owners. Their involvement in the DDA can keep money and efforts focused on creating economic

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[17] Downtown Development Authority, Public Act 197 of 1975.
[18] Mission Statement of the Charlotte Chamber of Commerce

prosperity for the CBD. Although many business merchants were not pleased with the Chamber's lack of involvement in the CBD, strong participation on the merchants behalf may change the Chambers initiatives.

Marketing the Image of Charlotte: Ideas for Future Research

Marketing Cochran Avenue is key to stimulating economic activity in the CBD. Collaboration between the public and private sectors of the community can help people create a mental image of values, priorities, preferences, and dreams for the downtown development. From this point the community can build a plan for future development.

An image of the downtown can create a place that stands apart from the superstore fringe development. A downtown theme and/or unique image can make the community more than just a shopping destination. The following ideas to were developed by the researcher after attending a series of meeting held by Charlotte's DDA. These ideas were generated to help create an image or plan for downtown development:

- Define the downtown: example DDA boundaries.
- Compile a business inventory. Collect data on merchandise, services, store concepts, prices, and markets targeted.
- Specialize the area's market.
- Make a realistic assessment of the customer services now offered.
- Examine CBD parking and traffic patterns.

In conclusion, rural communities will continue to face the decisions that concern growth, people will continue to need places to live, eat, shop, and recreate and entrepreneurs will utilize land to build and offer people these services. Business merchants can maintain control of their business community by encouraging community participation in both the DDA and the Chamber of Commerce. Both groups that are ultimately making the decisions on public policies, development projects, marketing efforts, and physical improvements. It is important for all voices in the CBD community to be voiced to create a harmonious working and thriving CBD.

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APPENDICES

APPENDIX A

Building Owner Survey

II. Building owners. This section deals with issues that are associated with owners of buildings located within Charlotte's Central Business District. This area includes all buildings on Cochran Avenues between Lawrence Street, and Shepherd Street, and any buildings with storefronts located one block off Cochran between Lawrence Street and Shepherd Street.

CENTRAL BUSINESS DISTRICT

Q1. Do you own any buildings within Charlotte's central business district?

1. yes
2. no

If no, please go to Q5.

Q2. How many buildings do you own that are located within the CBD?

____

Q3. What year did you purchase the building(s) you own in Charlotte's CBD?

Building 1___________ Building 2 __________ Building 3 __________

Building 4 __________ Building 5 ___________ Building 6 __________

Building 7 __________ Building 8 ___________ Building 9 __________

Building 10 __________

Q4. What rent did you charge per square foot? B=building

	B1	B2	B3	B4	B5	B6	B7	B8	B9	B10
1985	____	____	____	____	____	____	____	____	____	____
1988	____	____	____	____	____	____	____	____	____	____
1991	____	____	____	____	____	____	____	____	____	____
1994	____	____	____	____	____	____	____	____	____	____
1996	____	____	____	____	____	____	____	____	____	____

Is this your best recollection, or information from your tax records (please specify).

INTERSTATE 69 AREA

Q5. Do you own any buildings near the Interstate 69 interchange in Charlotte?

1. yes
2. no

Q6. If yes, how many buildings do you own?

____

Q7. Is demand higher for space in your building near the Interstate 69 interchange?

1985	1990	1996
1. yes	1. yes	1. yes
2. no	2. no	2. no

Q8. What rent did you charge per square foot? B= Building

	B1	B2	B3	B4	B5	B6	B7	B8	B9	B10
1985	____	____	____	____	____	____	____	____	____	____
1988	____	____	____	____	____	____	____	____	____	____
1991	____	____	____	____	____	____	____	____	____	____
1994	____	____	____	____	____	____	____	____	____	____
1996	____	____	____	____	____	____	____	____	____	____

Is this your best recollections, or information from your tax records (please specify)?

Q9. Since the opening of Wal-Mart in 1990 has rental rates/Sq. Foot?

1. increased
2. decreased
3. stayed the same

Q10. Since the opening of Wal-Mart in 1990, have you

4. sold buildings in the CBD
5. acquired new buildings CBD

and/or

6. sold buildings near I-69
7. acquired buildings near I-69

Q11. What type of stores are currently located in your building?

1. restaurant/bar
2. food store
3. pharmacy, drug store
4. furniture, appliance

5. retail (clothing, sports)
6. floral, gifts
7. banking, insurance
8. travel agency
9. legal, accounting, professional services
10. other (specify)___________________

Q12. Are you a member of the DDA?

1. yes
2. no
3. N/A

Q13. Are you a member of the Charlotte Chamber of Commerce?

1. yes
2. no
3. N/A

Q14. Are you a member of any other community organization in Charlotte?

1. yes
2. no
3. N/A

If yes, please specify name of the organization ______________________________

Q15. What activities would you support to make the downtown area more attractive for consumers? Please pick more than one. Be creative!

1. Community picnic held in the downtown area
2. Community bike/running race through downtown area
3. Sidewalk sales
4. Other events that interest you____

____

____

Q16. Where do you live?

1. Charlotte City limits
2. Charlotte School District
3. Outside of Charlotte, but in Eaton County
4. Outside of Eaton County

When you complete this survey, please place it in the enclosed white envelope and seal the envelope. A volunteer will be in your store on May 30, 1997 to pick up the survey.

Thank you for your time and effort. Please use the other side of the survey to fill in additional comments.

APPENDIX B

Business Owner Survey

I. For this survey, we are including the whole area shown in the map of Charlotte's Central Business District (CBD). The area includes storefronts on Cochran Avenue between, Lawrence Street and Shepherd Street, and storefronts located within one block of Cochran Avenue between Lawrence Street and Shepherd Street.

Q1. Which of these best describes your business?

1. restaurant, bar
2. food store
3. pharmacy, drug store
4. furniture, appliance
5. retail (clothing, sports, shoes)
6. floral, gifts
7. banking, insurance, real estate
8. travel agency
9. legal, accounting, professional service
10. other (specify)________________

Q2. When did you open your business?

Please give month/year ________________________

Q3. How long have you been at this location? ________________

Q4. Was your prior location in Charlotte's Central Business District?

1. yes
2. no
3. N/A

Q5. Could you tell me how many people you employed in the business during the following periods? (Please indicate the number employed at the peak of your business season.)

1985___________ 1994_____________

1988___________ 1996_____________

1991___________

Q6. Did you change your business hours at all during the 1985-1996 period?

1. yes
2. no

If yes, what were the changes you made to your business hours?____

____

Why did you make changes to your business hours? ______________________________

____

Q7. What year did you change the business hours? ___________________________

Why did you change your business hours that year? _____________________________

____

Q8. Does the Charlotte Chamber of Commerce effect your business hours?

1. yes
2. no
3. N/A

This next question is separated into three different parts. Please answer when applicable to your business.

Q8. What was the range of your total annual revenue from sales and services in:

1985?______________________

1990?______________________

1996?______________________

Q9. Do you rent your business space?

1. yes
2. no

Q10. What do you pay for rent/Square Foot? ___________________

Q11. Do you own the building your store is in?

1. yes
2. no

This study is interested in how you and your business responded to the opening of Wal-Mart in 1991.

Q12. Did the opening of Wal-Mart affect your business?

1. yes
2. no
3. N/A

Q13. If yes, were the overall effects of Wal-Mart

a. Negative
b. Positive
c. N/A

Q14. If you answered yes to Q10, can you identify ways the opening of Wal-Mart affected your business?

____

____

Q15. How did you respond to the opening of Wal-Mart? (Please answer when applicable.)

In 1985 you:

1. changed product line/services
2. changed product prices/services
3. other (specify)______________

in 1990:

1. changed product line/services
2. changed product prices/services
3. other (specify)______________

in 1996:

1. changed product line/services
2. changed product prices/services
3. other (specify)______________

Q16. In response to the opening of Wal-Mart, did you change your advertising strategy?

1. yes
2. no
3. N/A

How did you change your strategy?________________________________

____

Q17. Are you a member of the DDA?

1. yes
2. no
3. N/A

Q18. Are you a member of the Charlotte Chamber of Commerce?

1. yes
2. no
3. N/A

Q19. Are you a member of any other community organization in Charlotte?

1. yes
2. no
3. N/A

If yes, please specify name of the organization ______________________________

Q20. What activities would you support to make the downtown area more attractive for consumers? Please pick more than one. Be creative!

1. Community picnic held in the downtown area
2. Community bike/running race through the downtown area
3. Sidewalk sales
4. Other events that interest you

____

____

Q21. Where do you live?

1. Charlotte City limits
2. Charlotte School District
3. Outside of Charlotte, but in Eaton County
4. Outside of Eaton County

When you complete this survey, please place it in the enclosed white envelope and seal the envelope. A volunteer will be in your store on (Date) to pick up the survey.

Thank you for your time and effort. Please use the other side of the survey to fill in additional comments.