

## Walmart's arrival in central Fresno spurs battle for customers on Blackstone

By Bethany  
Clough



Grocery Outlet at Ashlan and Blackstone avenues in central Fresno is not happy that Walmart is moving in across the street, said vice president of marketing Melissa Porter. But it won't hurt the business that much, she said. Grocery Outlets coexist near Walmarts in many markets, she noted. A new Grocery Outlet opened about half a mile from Walmart on West Shaw Avenue in 2012 and is doing "really well."

ERIC PAUL ZAMORA — THE FRESNO BEE | [Buy Photo](#)

What does a 107,000-square-foot Walmart Supercenter moving into the neighborhood mean for nearby businesses?

Lots of business owners have been trying to answer that question ever since Walmart first announced it would open a store at the corner of Ashlan and Blackstone avenues. The store [opened last week](#), and while most people agree that 300 new jobs and new life for the abandoned Mervyns it took over are a good thing, the store will compete with nearby businesses.

One narrative has the retail giant moving in and putting lots of small mom-and-pops out of business. Another says a big player like Walmart brings shoppers to the corner and benefits everybody.

Reality is likely somewhere in the middle.

Already Walmart has attracted one new business to the corner, with Pizza Hut leaving its Blackstone and Clinton

avenues spot behind and moving into a former Quiznos across the street from Walmart.

Grocery stores in particular will be battling Walmart for customers. A Grocery Outlet is directly across Ashlan Avenue from Walmart. And Vons is about 530 yards north on Blackstone Avenue. Both will be competing with Walmart's full-line grocery store selling 68-cent avocados and other low-priced items, and its bakery and deli.

#### Stiff competition

"It's going to put a dent in the competition," said Michael Mele, who has helped grocery stores and other retailers with leases and property sales through his job at Commercial West Associates. Stores in a 3-mile radius will compete, he said.

Grocery Outlet is not happy that Walmart is moving in so close, said vice president of marketing Melissa Porter.

But it won't hurt the business that much, she said. Grocery Outlets coexist near Walmarts in many markets, she noted. A new Grocery Outlet opened about half a mile from Walmart on West Shaw Avenue in 2012 and is doing "really well."

Porter said Grocery Outlet's prices are lower than Walmart, between 14% and 25% lower on the "average basket of goods."

And the stores have different business models, she said. Walmart has low prices every day, but Grocery Outlet is a true outlet selling overstock and discontinued items.

Sometimes those are high-end items. So while Grocery Outlet may have a great deal on high-quality Scharffen Berger chocolate, for example, it's not a brand you'll find at Walmart, even though Walmart sells plenty of inexpensive chocolate.

And since Grocery Outlet doesn't carry everything on shoppers' lists, people already hit up other stores afterward, she said.

"They shop us first. They look for deals," she said. "It's almost like a treasure hunt ... and then they go and fill the rest of their basket elsewhere."

Vons representatives declined to comment for this story, but the retailer is undoubtedly keeping an eye on Walmart and its prices. Fresno City Council Member Clint Olivier, who represents the area, says Vons representatives told him that they're confident the two can coexist.

Having Walmart's lower prices so close could spur a reaction from Vons, Olivier said. "Let the battle begin. The result inevitably will be lower prices."

#### Walmart's take

Walmart spokeswoman Delia Garcia agreed that Walmart's arrival pushes down prices at competing grocery stores.

She also said Walmart will boost neighboring businesses because Walmart is a destination that brings more customers to the corner who wouldn't otherwise come.

Nearby businesses haven't had that, at least on the southeast corner, since the Mervyns building went dark six years ago, she noted.

"This is an area that has needed a boost in terms of business investment, and Walmart represents that," she said.

Petco certainly welcomes the retailer.

“We’ve had a dead center here,” said Carl Giorgini, the general manager at Petco two doors down from Walmart. “It brought back life back into the center.”

He said he’s not worried about competition because Walmart’s pet department carries general merchandise whereas Petco’s is specialized.

Walmart’s Garcia said businesses that don’t directly compete typically want to move in near Walmarts because of the increased traffic.

## Pizza Hut

Walmart was a major factor in Pizza Hut’s decision to move to the corner.

The restaurant took over an empty Quiznos across the street. It was gutted and remodeled into Pizza Hut’s latest style, complete with a screen that counts down the minutes until a customer’s pizza is ready.

Pizza Hut district manager Anthony Ramos said the move will mean more business for the restaurant.

“With more cars, with more people in the area because of something that’s drawing them, you’re naturally going to get more business,” he said.

The downside: Pizza Hut loses a dining room. Since the new location is smaller, it only has room for carryout and delivery.

It also leaves an empty building on Blackstone Avenue, but no employees were laid off due to the move.

## Hidden effects

Still, Walmart will steal sales from nearby businesses whose products overlap with Walmart’s, says Jeff Milchen, co-director of the Montana-based [American Independent Business Alliance](#).

“It’s a huge range of businesses you’re talking about — grocery stores, hardware stores, florists, opticians. It’s not just the general retailers, there’s a huge range of specialty businesses,” he said.

And secondary businesses that depend on those local stores often take a hit that the public doesn’t see. If the hardware store down the street has a little less income coming in, for example, it won’t spend as much on local graphic designers, Web masters or other behind-the-scenes jobs, Milchen said.

“People tend to grossly underestimate the longterm impacts,” Milchen said. “That’s why we encourage communities to think very long and very hard about welcoming a big-box development.”

Contact Bethany Clough: [bclough@fresnobee.com](mailto:bclough@fresnobee.com), (559) 441-6431 or [@BethanyClough](#) on Twitter.

## Copyright

© 2015 [www.fresnobee.com](http://www.fresnobee.com) and wire service sources. All Rights Reserved. <http://www.fresnobee.com>