



## **Wal-Mart to double Neighborhood Markets to open in next three years**

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Wal-Mart announced plans to nearly double the number of its Neighborhood Market supermarkets over the next three years. At present, the company operates 185 of these stores, including 30 in Puerto Rico under the Amigo banner.

Wal-Mart's 185,000 s/f Supercenters will remain the company's primary growth engine, Wal-Mart executives say, but the 42,000 s/f Neighborhood Market stores will help revitalize same-store growth after several sluggish years, and will also ease entry into urban markets that have scant room for a Supercenter. "Supercenter returns are among the best in the industry. Now the new Neighborhood Markets that we're building are delivering a return at the same level," said Bill Simon, Wal-Mart's president and CEO, at an investor conference this week. "So that's encouraged us to move faster with the expansion."

Neighborhood Market same-store sales rose 4% during the first quarter of fiscal 2012 (the fiscal year ends Jan. 31), he said, versus a decline of 1.1% across all the company's U.S. stores.

Neighborhood Market stores are easier to develop than the Supercenters, which take as long as seven years, said Simon, while the Neighborhood Market stores take just a year or two. Walmart's real estate committee has approved 180 new Neighborhood Market stores, roughly 100 of which are to open next year. The company expects to have about 300 in operation by 2013, said Simon.

An additional benefit of the Neighborhood Market stores involves the Pick Up Today program, which allows consumers to place orders online for pickup at a local store. The program launched a year ago at existing Neighborhood Markets, and the results have so far been encouraging, said Simon. "As you bring your store closer to the customer, site-to-store multichannel selling becomes even more viable," he said. Going forward, he said, a large portion of Neighborhood Market sales will be driven by online purchases.

Wal-Mart is also working on a smaller version of the Supercenters. Walmart Express, as the smaller format is called, will target urban in-fill locations and will also benefit from the Pick Up Today program. "This omni-channel approach to sales is something that online competitors can't do and is something that most brick-and-mortar companies can't do."

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