

# CRAIN'S

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# Wal-Mart makes an easy Target

## New York loves one, hates the other

BY TOMMY FERNANDEZ

One chain is a fun retailer of discount chic with bouncy theme music. The other is an evil empire, an abuser of workers and an eater of small businesses.

New Yorkers have responded to Target and Wal-Mart in starkly different ways.

Target has opened five stores here over the past eight years—in Brooklyn, Queens and the Bronx—with virtually no protest.

New Yorkers are flocking to the stores. Wal-Mart, which has 5,000 locations worldwide but none in the city, was chased away from Queens last winter by a fierce political and public relations campaign. It remains a lightning rod as it continues to seek an entrée here.

"We want to send (Wal-Mart) a message: They're not welcome in New York City," said Councilwoman Christine Quinn, D-Man-

hattan, at an anti-Wal-Mart protest outside City Hall last week.

The contrast in how New York has reacted to the two chains is particularly glaring because both companies rely on similar big-box fundamentals, such as nonunion shops and cheap imports.

"The chains are perceived very differently," says advertising expert John Emmerling, president of Emmerling Communications. "People view Target as a friendly place with cool stuff, while the name *Wal-Mart* for many people is a hair trigger."

To New Yorkers, Wal-Mart represents the antithesis of cosmopolitan life, and it's tainted by the kind of allegations that set liberal urbanites' teeth on edge, says Jim Rice, chief retail analyst at credit rating firm Bernard Sands. Accusations about its labor practices, its impact on local economies and even its censorship of magazines make many New Yorkers uncomfortable.

### Stopped in Queens

"Wal-Mart is seen as this giant that comes in and puts small companies out of business," says Mr. Rice.

Wal-Mart executives say that they're getting an unfair rap.

"It's curious that other retailers

with similar business models have been able to come to New York and have been successful," says Mia Masten, Wal-Mart's community affairs director for the East Coast. "It begs the question as to why everyone is focusing on us."

Even the activists concede that other retailers, including Target and Kmart, have had a much better time of it. Wal-Mart has proved to be an easier mark.

## Target has found that hip works. Its ads appeal to the funky metro scene

"There is something for everyone to hate in a Wal-Mart store," says lobbyist Richard Lipsky, who was a leader of the successful drive against the retailer in Queens.

Wal-Mart's girth makes it a focus of antipathy.

The largest company in the nation, Wal-Mart posts annual rev-

enues of more than \$280 billion and accounts for 2.5% of the U.S. gross national product. Its position as the industry leader exposes it to greater scrutiny by civil libertarians, antidiscrimination activists and local business groups, which all consider the chain a threat.

### Ads make youthful splash

For its part, Target has worked hard to avoid the public relations nightmares suffered by its giant competitor, according to Mr. Emmerling, the advertising pro.

Target has fine-tuned much of its advertising to be in sync with the funky metro scene: Young, photogenic hipsters hawk discount items and dance to splashy tunes. The chain's marketing mascot is a white dog with funny red double rings around one of its eyes.

"Target is definitely trying to reach out to New York consumers," says Richard Kirshenbaum, co-chair of Kirshenbaum Bond + Partners.

Target stores have a reputation for being fashionable, while Wal-Marts are better known for being functional, says shopping expert Paco Underhill, managing director of Envirosell Inc.

Mr. Underhill, who has done work for both retailers in the past 18 months, says that Target also has won points with locals by de-

## A TALE OF TWO BIG-BOX CHAINS



How Wal-Mart and Target stack up against each other.

WAL-MART		TARGET
Yes	Has nonunion workforce	Yes
Yes	Fights local competition	Yes
Yes	Sells goods made by low-wage workers overseas	Yes
0	Number of NYC stores	5

signing its stores to cater to particular neighborhoods.

"Target, in some ways, has had more experience with urban formats," he says.

While Wal-Mart may lack PR savvy, most observers believe that the chain is too big and too powerful to be kept out of New York forever.

The next fight is expected to be even bloodier than the last, however.

Wal-Mart is reportedly eyeing sites in Staten Island. Lobbyist Mr. Lipsky says he and his anti-Wal-Mart crusaders are now research-

ing the borough's political scene. He says that local leaders are already worried about the chain's potential impact on borough traffic.

Mr. Emmerling says that Wal-Mart executives need to aggressively invest in local interests and make the argument that the chain wants to be a stakeholder in New York.

"They have to support local firehouses, the Police Department, as many high-profile New York causes as they can," he says. "They need to do this heavily to win over New Yorkers. We're a pretty feisty bunch." ■

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