A RETAILING TREND FOR THE 90s: MEGASTORES AND THEIR PLANNING IMPLICATIONS FOR BRITISH COLUMBIAN COMMUNITIES

by

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ABSTRACT

Megastores are the latest phenomenon in the retail industry's evolution. This new form of retailing can be categorized by three main retail types: category killers, superstores and membership clubs. The arrival of megastores into British Columbia brings with it a variety of issues including economic, environmental, employment, aesthetic, social and planning.

North American examples described in current literature detail these issues but do not directly address the role of the planner vis a vis megastores. Given that megastores are changing the retail geography and community development patterns of British Columbia, planners must have a comprehensive knowledge of their quantitative and qualitative impacts.

To assist in an understanding of these impacts, two British Columbian megastore host communities are considered -- Prince George and Courtenay. These case studies are assessed according to impacts delineated from the North American examples to determine the applicability of other research findings.

Findings from this thesis show that megastores will become an important issue for British Columbia's planners and decision-makers in the years to come. The short history of megastores in the evolution of retailing make it difficult to evaluate their impacts. While some of the impacts found in the literature hold true for the British Columbian case studies, others do not. This divergence may
be attributable to the focus of available literature or the difference in exposure time to the megastore phenomenon. Further observation, research and analysis will be required to provide municipality specific data on which elected officials can base decisions.
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CHAPTER 1.0
INTRODUCTION

1.1 PREAMBLE: WHAT ARE MEGASTORES?

The principle flippantly used to describe megastores is ‘stack it high and sell it low.’ This concept is not necessarily limited to megastores, but from the consumer standpoint, today’s megastores apply this principle more effectively than other retailers may have in the past. Megastores are the latest phenomenon in the retail industry’s evolution and they are reshaping North American retail geography.

Megastores can be divided into three categories in the marketplace. Dean Schwanke calls “large format stores that offer tremendous selection in a special retail category at low prices . . . category killers” (1993, 38). Examples include Toys R Us, Aikenheads, Home Depot, Office Depot and Ikea.

The second category of megastores is superstores. Superstores carry a broad range of groceries, often in bulk packaging, as well as added services such as an in-store bakery, deli, photo finishing and pharmacy. Some superstores, such as the Real Canadian Superstore, also carry a limited range of other merchandise, such as clothing, small home appliances, toys, office supplies,
and sporting goods (Jones, Evans and Smith 1994, 4).

The third category is warehouse or membership clubs.

Clubs sell a wide range of goods — including groceries, electronics, tires, office supplies, clothing, hardware, and jewellery — at wholesale or near-wholesale prices. Unlike category killers, warehouse clubs offer little depth of selection for any given product, and they carry a limited product line — three thousand to five thousand different products compared with as many as sixty thousand or more that discount department stores carry. Clubs operate on very low margins, and the key to success in this segment is developing a strong membership base (Schwanke 1993, 39).

In this category, Price/Costco and Wal-Mart are examples.

The metamorphosis in retail geography has many implications for community planners. Megastores are accompanied by a variety of economic, environmental, employment, aesthetic, social, and planning issues that will be discussed in this thesis.

1.2 **PROBLEM STATEMENT**

This thesis will determine whether British Columbia's experience with megastores to date is similar to other experiences across Canada and the United States. This will be accomplished through an analysis of the literature that presents information on the issues surrounding megastores. The literature review findings will be compared to two British Columbian megastore host municipalities: Prince George and Courtenay.

To comprehensively address the issues, both positive and negative aspects for each issue
will be examined. Given that megastores are changing the retail geography of British Columbia, planners must have a comprehensive knowledge of their quantitative and qualitative impacts.

The fundamental questions stemming from this research are: “Do the benefits of megastores outweigh the costs for communities?” and “How can these costs be measured?” Subsidiary questions include what should or could be done by a municipality with respect to policies regulating megastores and what is the role of the planner and the planning profession with respect to megastores.

1.3 PURPOSE

From the mid 1980s to today, the Canadian retail industry has undergone extensive change. Canada’s new format retailing has been brought about largely as “the result of a simultaneous convergence of political and market forces” (Jones, Evans and Smith 1994, 2). The Free Trade Agreement (FTA) and North American Free Trade Agreement (NAFTA) have increased the potential for American retailers to expand into Canada with new retail formats. A fluctuating Canadian dollar, which, in turn, dictates cross-border shopping patterns, the seven percent Goods and Services Tax (GST), and the current economic downturn all impact the Canadian retail industry.

Municipal planners must examine the Canadian retail environment in order to be relevant in the communities in which they work. Given that the future of Canadian communities is imbued
with options, elected officials must be given complete information on which to base decisions. It is
this niche that planners must fill. Accordingly, the purpose of this study is to provide an analysis of
issues associated with megastores.

The analysis should be of practical use to British Columbian planners as they grapple with
the emerging phenomenon of megastores. This thesis should provide planners with the back­
ground necessary to ask the right questions and to look to outside sources of information when the
municipality does not have the resources available to conduct research and collect municipality­
specific data.

1.4 METHODOLOGY AND OVERVIEW

The methodology involved three parts: 1) a review of the literature and development of
impact summary tables from North American examples; 2) an examination of two British
Columbian megastore host communities; and 3) an assessment of the British Columbian case
studies against the identified impacts. Each of these parts is described below and provides an
overview of the thesis organization.

1.4.1 PART ONE

The first part of this thesis involves a literature review and the development of impact
summary tables. The literature review contains four topic areas. The first topic provides an historical perspective on the succession and locational strategies of retail forms from the 1800s to the present. Building on the topic of dynamism in the retail industry, the second topic area in the literature review examines the history of protest against new retail formats. These topics are discussed in Chapter 2.0.

The third subject area in the literature review focuses on the development and growth of the new phenomenon of megastores in the retail industry's evolution. An interview with a retail market analyst served to expound on the megastore impact from an industry point of view. Chapter 3.0 contains information about the success and popularity of megastores.

Lastly, the experiences of megastore host communities are chronicled. It is from these North American examples that impact summary tables are developed. Interviews with municipal planners aided in the compilation of the impact summary tables. The tables comprehensively present the positive and negative impacts of megastores in relation to economic, environmental, employment, aesthetic, social, and planning issues. The data from this topic area is found in Chapter 4.0.

1.4.2 PART TWO

The second part of this thesis examines two British Columbia megastore host communities: Prince George and Courtenay. Elected officials, chambers of commerce, realtors, economic development corporations, traditional merchants, and planning staff from each community were
interviewed to obtain qualitative and quantitative data. The mayors from each municipality provide
the political reasoning and viewpoint behind the decision-making; the chambers of commerce,
realtors and economic development corporations contributed quantitative information; traditional
merchants offered a qualitative retail impact analysis; and planning staff shared policy insights from
their debut with megastores. Chapter 5.0 presents the issues associated with megastore develop-
ment in Prince George and Courtenay as taken from the above described interviews.

1.4.3 PART THREE

The third level of analysis in this research assesses the two British Columbian communities
in light of the summary impact tables provided in Chapter 4.0. This information is derived from
interviews with municipal planners in each host community and is presented in Chapter 5.0. From
this assessment, conclusions related to British Columbia and the planning profession are developed
and provided in Chapter 6.0.

1.5 SCOPE

This study encompasses many facets of the retail industry: retail trends, consumer behav­
our, and locational analysis. Specific research on megastores and issues surrounding this new
retail format is included from Simon Fraser University’s June 1994 “Megastores and Ministores”
conference while interviews with elected officials, a retail market analyst, economic development corporations, chambers of commerce, realtors, traditional merchants, and community planners helped to form the quantitative and qualitative basis for this thesis.

This report is primarily an analysis of the costs and benefits associated with megastores.
CHAPTER 2.0
LITERATURE REVIEW - THE HISTORICAL PERSPECTIVE

The retail industry is ‘Darwinian’ whereby only the fittest survive. On average, a new retail format lasts approximately fifteen years before the next format takes hold. The cycle begins when a fledgling entrepreneur incorporates or develops an innovation to attract the consumer. Wilton Thomas Anderson characterizes fifteen innovations of the 19th and 20th century that have led to modern retailing formats:

- packaging in containers of fixed sizes and weights (1840s)
- standardized methods of sorting, grading, weighting and inspecting (1850s)
- fixed prices (1860s)
- standardized clothing sizes (early 1880s)
- periodic presentations via catalogue (1880s)
- the buffet-style restaurant (1885)
- the cafeteria serving line (1895)
- fully automated vending machines (1897)
- standardization through franchising (1911)
- drive-through auto service station (1913)
Megastores & Their Planning Implications

- self-service store layout (1916)
- pre-selection, such as the Book-of-the-Month Club (1926)
- packaging that "sold itself" (late 1920s)
- "fair trade" enforced price uniformity (1931)
- wide selection of competing brands displayed on open shelves (1934)

(Peterson 1992, 54).

These retail innovations impacted the industry greatly. It is from these innovations and others that retail formats emerged, flourished, and were pushed aside by others. Historically, each new retail format has a period of rapid growth, followed by a time of controlling a significant market share, then a decline as innovations encourage a new form of retailing.

Literature describing the rise, supremacy, and succession of retail formats also refers to the hostility of passé retailers. Chapter 2.0 will discuss both the evolution of retail formats from the 1800s to present and the accompanying protest against succession primarily by other established retailers.

2.1 EVOLUTION OF RETAILING FORMS AND LOCATION STRATEGIES FROM THE 1800s TO THE PRESENT

An adaptation of Bernard Sosnick and Dorothy Lakner's, of the Oppenheimer Company, work (Figure 1) summarizes the dominant forms in the North American retail industry from the
1800s to today:

**FIGURE 1:** THE RISE OF DOMINANT FORMATS IN THE NORTH AMERICAN RETAIL INDUSTRY FROM THE 1800S TO TODAY.

- **Early 1800s** — General Stores
- **Mid 1800s** — Department Stores
- **1900s** — Variety Stores — Food Stores
- **1930s** — Grocery Stores — In-store Discount Dept.
- **1960s** — Discount Stores
- **1980s** — Superstores — Category Killers
- **1990s** — Megastores

(adapted from Sosnick and Lakner 1993)
The general store was the dominant retail form in the 1800s.

More than a 100 years ago, the general store concept began to divide into two distinct forms; food stores, which eventually became supermarkets, and general merchandise stores, which became variety stores and then evolved into discount stores. These two threads are now being rejoined, with the general store coming back in a new form, the supercenter (Sosnick and Lakner 1993, 3).

It is this evolution and rebirth in the retailing industry that will now be discussed. Additionally, locational strategies for each format will be presented as this component is key in retailing.

2.1.1 TRAVELLING SALESMEN AND TRADING POSTS

In Canada, the first general store merchants were the proprietors of trading posts established primarily by the North West Company and the Hudson’s Bay Company. The trading post was a company operation that accommodated the trappers by exchanging furs for imported goods. The furs would then be shipped to Toronto, Montreal, and Europe for the fashion industry.

Trading posts located in areas where both fur-bearing animals were plentiful and an adequate number of trappers (often First Nations’ people) lived. If stocks of fur-bearing animals were depleted, the trading post would relocate.

The concept of trading goods for furs remained viable until the European passion for furs gave way to a new trend. Once the demand for furs diminished, some trading posts closed though others remained viable as a retail business where there was an adequate population base.

As more of Canada became settled, a need arose for goods to be brought into an area where
there were no trading posts. On a set schedule, a salesperson would come to a community and visit each home with wares that were not otherwise obtainable. Household items such as pots and pans, soaps, and fabric were complemented by specialty items, such as books.

As outlying communities grew, small, independent merchants started to replace the need for these home-to-home sales people.

2.1.2 SMALL MERCHANTS

Small merchants went to major centres to buy goods, then returned with the products to their community. Over time, with an agglomeration of independent retailers in a community, wholesale companies sent sales representatives to the area to solicit orders.

The general store would supply dry goods and other necessities. As a community reached a critical mass, often other small, independent stores opened to meet more specialized needs, such as baked or delicatessen items. These general and specialty retailers located in a central area to the residential community. It is from these stores that the concept of 'Main Street' grew.

In the 1930s, poor economic conditions forced prices down. Lower prices (and, in turn, lower profit margins) required a higher volume of sales which led to a competitive advantage for larger stores (Atlantic 1992, 30-36). The independent retailer was entering a state of decline and has never regained its market dominance.

In a period of rapid change, the old and the new continue for some time to exist side by side. However, as Ralph Hower noted [in A History of Macy's], while the old appears to retain a considerable hold because of its wider visibility, the new occupies a strategic position and ultimately wields the dominant influence (Santink 1990, 41).
In this manner, the small merchant has continued to survive but department stores, shopping centres, and mass merchandisers have taken over the majority of the market.

2.1.3 DEPARTMENT STORES

The mid-1800s characterized a radical change in retailing. The department store introduced classless clothing by marketing mass produced items, carrying sewing machines, patterns, and an abundance of fabric. Retailers now realized that not only could high prices produce healthy financial returns, but volume sales could fulfil this same function.

The first recorded department store (in the modern sense) was the Bon Marche in Paris in 1852 when it switched from being a dry goods supplier (Ferry 1960, 3).

In Canada, the face of retailing was changing as well. By the spring of 1863 in Toronto, "Timothy Eaton was reportedly operating a fairly large business, although it was felt that his practice of stringently cutting prices produced small profits" (Santink 1990, 32).

Department stores not only introduced more people to an increased selection of goods (now more readily available through the industrial age), but also reshaped the economic aspect of retailing. Policy dictated that sales were cash only and no credit was allowed (a service which small merchants readily supplied). This policy freed up resources to buy more stock and the department store avoided having to borrow the funds to purchase goods. In principle, the cash only policy reduced prices for the consumer as merchants did not have to carry others' debt nor did they have to incur debt to obtain supplies. Haggling, as one may have done in a general store, was not
acceptable in department stores. These retailers insisted that the best possible price was being made available on an equitable basis to all consumers because of the cash only policy. If a customer was not satisfied, money would be refunded for the product.

Not only were the economics of retailing altered significantly with department stores, but a revolution in shopping from the consumers' standpoint was also underway. In the 1870s and 80s, department stores introduced dining rooms, waiting rooms, nurseries, coffee rooms, and coat checks to attract consumers (Benson 1986, 84-85). The theory behind these added features was to encourage shoppers to linger and socialize. As the shopper spent more time with the merchandise, they would begin to visualize the item in their home (Shields 1992, 29-30).

The birth and growth of the department store was spurred because "the transformation of society from small communities of people living in rural, self-supporting towns and villages to large concentrations living in expanding urban centres generated new demands and pressures that required original and revolutionary responses" (Santink 1990, 39). Department stores tended to locate on major downtown streets in large cities, for example, Eaton's and Simpson's both on Yonge Street in Toronto and Hudson's Bay Company and Eaton's on Rue du Sainte Catharine in Montreal.

For those consumers still living in rural areas, the department store made its way into the home through the mail order catalogue. With the advent of the Canadian postal service and the extension of cross-country railway lines, catalogues were broadly distributed and eagerly anticipated.

The importance of the department store grew over time. Shake-ups in the industry often
involved buy-outs and mergers, much like the retail scene today. Entrepreneurial department store retailers would often form joint research bodies or associations for information sharing and bulk purchasing power (e.g. Retail Research Association, 1916 and Associated Merchandising Corporation, 1918).

2.1.4 DISCOUNT STORES

With the onset of the Great Depression in the 1930s, perceived value in the eyes of the consumer grew in importance. Consumers wanted to purchase goods for the lowest possible price. Discount stores evolved from both the department store and the general store with this growing consumer pressure for value.

Department stores established discount areas often in the basement of their premises to market off-season items or those purchased in bulk from other retailers and manufacturers who were going out of business. These discount departments met with success.

The general store had already evolved into the variety store, dropping an extensive grocery line due to the competition from grocers and department stores with grocery departments. Some forward-looking variety store merchants took the consumer demand and developed into discount stores. Sam Walton, founder of Wal-Mart, began his empire as a Ben Franklin Five and Dime in 1945. Walton developed his own chain of variety stores before branching into the discount retail market.

One of the first North American merchants to run a discount store, apart from those found
in department stores, was Herbert R. Gibson, Sr. Gibson’s Discount Stores were “no-frills, warehouse-looking outlets” (Trimble 1990, 99). The first Gibson’s was opened in 1957 at Abilene, Texas. In 1962, four discount chains were started: S.S. Kresge (at that time an eight hundred store variety chain) opened Kmart, F.W. Woolworth developed Woolco, Dayton-Hudson began Target, and Sam Walton embarked upon his first Wal-Mart.

Variety stores that could not compete with discounters failed. As Walton himself stated, “With our low costs, our low expense structures, and our low prices, we were ending an era in the heartland. We shut the door on variety store thinking” (Walton and Huey 1992, 160).

The department store’s ‘bargain basement’, the variety store turned discount, and the emerging discounters located in the downtowns of cities and towns across North America. In the department and variety store discount market, the structure was already established in the core. For the fledgling discounters, the downtown was the logical choice to locate as alternative areas had not yet been developed, the competition could be watched, and the consumer had been trained to shop downtown.

2.1.5 STRIP MALLS

Post war demand for goods was great. The “desperate hunger for products after the long drought of some fifteen years, caused first by the Depression and then by World War II” created a sellers’ market (Halberstam 1993, 118). The top items on many people’s shopping lists were an automobile and a single-family home in the suburbs. The well-wheeled consumer wanted a place
to drive to and shop for goods with which to fill their new homes.

The strip mall, or plaza, was a form of retailing that grew out of the 1930s and 1940s. In those decades, independent merchants began to converge upon grocery stores as a drawing feature for their own businesses. Beauty parlors, butchers and banks were among some of the most prevalent retail parasites for the anchoring grocery store. With the post war boom, the 1950s saw many strip malls develop into organized sites with shared parking and maintenance. Fast-food outlets and home-focused retailers, such as hardware, furniture, lighting, or appliance stores, joined the strip mall roster. These malls tended to locate on high traffic arterials between the downtown and the burgeoning suburbs. Throughout the 1950s and 60s, a common retail format was strip mall after strip mall, each accessing the now widened street in front of its parking lot and billboards.

The widespread use of television advertising, the increased rates of car and television ownership, and the growth in the number of middle-income families, changed the way people shopped. With the automobile, consumers could travel to the retailer who advertised the lowest price and could carry more items home. The ripple effect of post war affluence engendered a new pastime of shopping and buying (Halberstam 1993, 144).

2.1.6 ENCLOSED MALLS

From the one-stop concept of strip malls grew the idea of enclosed malls. In some circumstances, strip malls were the embryo for the enclosed mall while often enclosed malls were
constructed on virgin soil near to new subdivisions of the 1960s and 70s.

Not unlike the department stores of a century earlier, an enclosed mall was constructed to entice consumers to spend more time amidst the goods with the supposition that given additional time, consumers would purchase more (Jacobs 1984, 68). Shopping malls offered protection from climatic extremes, cleanliness, and safety from the unknown, unexpected and undesirable.

Beyond the physical, the social environment of the mall developed into its own entity. Theatres, restaurants, displays, and scheduled recreation found in malls offered people something to do besides shopping. Writing in the 1980s, William Kowinski described malls as no longer being part of the community, but a replacement for community (1985, 65). Lauren Langman has suggested that shopping malls were the cathedrals and palaces of the 1970s and 80s (Shields 1992, 41-42).

Shopping malls that located near the new and multiplying subdivisions capitalized on three factors: large, cheap land tracts available in the suburbs and on the peripheries of a municipality; an efficient, fast road network; and high rates of car ownership with a mobile, affluent population (Northen and Haskoll 1977, 16).

With the new format retailers, the shopping mall expansionist phase has come to a halt (Achimore 1993, 34). There is a sense that the market-dominant regional malls will continue to do well — if they are receptive to change -- while community and neighbourhood shopping centres face intense financial pressure (Kershaw 1994, 50).
2.1.7 MEGASTORES

Megastores, as described above, are large scale, high product turnover, low mark-up, and technology dependent retailers. Examples of the megastore format include category killers, superstores, and membership/warehouse clubs.

Beginning in the United States during the 1970s, megastores grew into today’s form by the mid-1980s. It was at that time that megastores moved north into Canada. The changing political and market forces in Canada at the time of the megastore debut led to the consumer approval for this format. The declining Canadian dollar, the introduction of the Goods and Services Tax (GST), the Free Trade Agreement (FTA), and the recession all pointed to and continue to indicate the trend of affordability and value in consumer spending patterns (Jones, Evans and Smith 1994, 2).

The preferred location of megastore developers is on the periphery of community cores along major highways or at key intersections. In many instances the land is not zoned for commercial uses, but for industrial uses. In these locations, megastores can obtain the required large parcel of land (required to accommodate an extensive parking lot and the one-storey layout) at a relatively affordable price. Additionally, as in many cities, the majority of residents live away from the urban core, a megastore retailer is closer to the market than core retailers. (This strategy is comparable to the early development of suburban shopping centres.) A megastore is often a freestanding structure, but may look to inhabit shopping centres should rental prices decrease.
2.1.8 POWER CENTRES/POWER NODES

Megastores are not the end of the 'bigger is better' theory prevalent in the retail industry. Power centres and nodes are one step beyond the freestanding megastore.

Power centres are "unenclosed, planned shopping centres that are typically anchored by large, value-oriented stores (e.g. Super K-mart, Wal-Mart, Toys R Us, Target), linked to a group of ancillary tenants, often category killers of various kinds" (Jones, Evans and Smith 1994, 4). This form originated in the United States approximately fifteen years ago and can be compared to a large-scale strip mall. While power centres are not yet common in Canada, their success in the United States indicates that they will immigrate north.

A power node, or destination node, is defined as "a group of two or more large format retailers, either freestanding or in small strip malls" (Jones, Evans and Smith 1994, 4). The drawing power of this format is great and the spillover to surrounding retailers entices even more to locate in close proximity.

2.2 THE HISTORY OF PROTEST AGAINST NEW RETAIL FORMATS

Literature describing the rise, supremacy and succession of retail formats also refers to the hostility of passe retailers towards the newcomer. History clearly indicates that the techniques used by department store merchants over a century ago left a similar distaste in the mouths of its
predecessors that the megastore is now leaving. Opposition to the retail industry’s evolution is not new.

One can apply a ‘Darwinian’ model to retailing: it is easy to observe natural selection in the retail industry in Canada over the past two hundred years. Small merchants brought a majority of goods to the consumer more efficiently than did travelling traders. As the stronger species in their environment, small merchants eliminated many, but not all, traders. Travellers, with a competitive advantage in a particular niche, survived.

As urban markets grew faster than the sparse rural areas, department stores entered and rose as a powerful new genus of retailers, squeezing many small merchants out of existence -- as both species competed for the same habitat.

Now megastores, with unprecedented purchasing power, investments in technology and low overhead, are supplanting the department store, the grocery store and traditional merchants.

While the successor may not eliminate its predecessor completely, there is historical precedent for much animosity towards the successor as market share shifts and becomes further divided. The literature primarily examines the protest against department and discount stores and today’s megastores. Both the department and discount stores will be discussed here while the controversy surrounding megastores will be examined at length in Chapter 4.0.

In the mid 1800s, American department store giants, Rowland H. Macy, John Wanamaker and A.T. Stewart, initiated one-price policies that earned them the “curse of contemporaries and customers accustomed to a bargaining process” (Feinberg 1984, 1). Rural storekeepers were disgruntled with widespread mail campaigns by department stores such as Montgomery Ward and
Sears Roebuck and Company who advertised lower-than-usual-prices that began in the 1870s. Often during the 1800s, local merchants would pay children to collect mail order catalogues. The catalogues would then be the fuel for a huge public bonfire (McDowell 1993, 26-28).

In Canada, department stores were criticized for many societal problems. Departmental stores were accused of forcing merchants out of business, increasing the number of vacant stores in the city, exploiting young women and children, and effecting a decline in the provincial birth rate. They were held responsible for the working conditions in the garment trade, unemployment rates, and the depreciation of city property (Santink 1990, 205).

Rural retailers condemned Eaton’s mail order department for initiating the demise of country stores across the nation. Urban retailers approached the City of Toronto in 1895 through to 1904 (when tax reforms came about) to institute a graded business tax or license to protect small merchants against the downtown department stores. Wholesalers disliked Eaton’s preference for purchasing abroad and not supporting the local economy.

In *Timothy Eaton and the Rise of His Department Store*, Santink points out that much of the opposition to the department store concept was attributable to the “lingering belief that every merchant, whether capable or incompetent, had a right to expect a profitable return for his efforts” (1990, 207). Unregulated competition was anathema to many merchants and “few could respond as Timothy Eaton had done when he expressed the belief that competition encouraged those with ability” (Santink 1990, 207).

Discount stores encountered opposition from department stores who pressured vendors to stop selling to the discounters. Wholesalers, not patronized by the discounters, resented the loss in
revenue. Some American department stores attempted to utilize fair trade laws to prohibit the operation of discount stores. During the Great Depression, some American states enacted anti-chain legislation (McDowell 1993, 27).

Sam Walton, founder of Wal-Mart, viewed the opposition to his and other discount businesses as unjustified.

Quite a few smaller stores have gone out of business during the time of Wal-Mart's growth. Some people have tried to turn it into this big controversy, sort of a 'Save the Small-Town Merchants' deal, like they were whales or whooping cranes -- or something that has the right to be protected (Walton and Huey 1992, 226).

Walton added in his biography that he believed his business and other similar retailers were not the enemies of small communities because his business saved residents money. He viewed communities as entities that are supposed to change as opposed to a place where the 'Mom and Pop' Shop has existed for fifty years and will exist for another fifty years (Walton and Huey 1992, 226-227).

It is clear that retailing is still a capitalistic, Darwinian industry subject to people's opinions as to value -- be it price, selection or service. Merchants lambasted discount stores, downtowns cried foul over suburban malls, and, now, retailers are alarmed by megastore formats. Little has changed from the opposition generated by Timothy Eaton's motto 'The Greatest Good to the Greatest Number' to the present Wal-Mart slogan 'Everyday Low Prices'. The discernible difference between Eaton's 19th century development to Wal-Mart's 20th century rise is that today the scale and impact is larger.
CHAPTER 3.0

LITERATURE REVIEW - THE MEGASTORE PHENOMENON
IN NORTH AMERICA

Not everyone is opposed to the new format retailers. The rapid development and expansion of megastores throughout North America reveals their consumer appeal.

3.1 THE GROWTH OF MEGASTORES

The rise and success of the megastore is well-documented in business literature. As megastores expand into Canada, the retail geography changes. This geography is not only referred to as a physical alteration in the retail marketplace, but also a shift in the market share. The sheer size of the firms and growth potential for the new megastore format is undeniably staggering.

Wal-Mart has the largest retail buying power on the planet (Shaw 1994). It is expected that by the turn of the century, this retail giant will surpass General Motors as the largest corporation in the world. On the Canadian scene, Wal-Mart paid $300 million (US dollars) for 120 non-unionized Woolco stores in January 1994. John C. Williams Consultants Ltd. of Toronto described this
investment as "the most dramatic change on the Canadian retail scene since the creation of mass merchandisers shortly after World War II" (Brent 1994, 36-37).

Wal-Mart is not alone in shaping the retail industry. Other retailers such as Home Depot, Office Depot and Price/Costco are also impacting the retail marketplace.

Home Depot Inc., an Atlanta-based category killer that specializes in the home improvement market, purchased a 75 percent interest in Molson Corporation’s Aikenhead’s Home Improvement Centres chain. Presently, there exist seven Aikenhead’s in Canada and Home Depot Inc. has planned fifty new stores by 1999 (Ingram 1994, 7).

Office Depot, another category killer from Delray Beach, Florida, purchased an eighteen-store office supply chain in western Canada. The company is also expanding its operations into Ontario under the name Office Place (Ingram 1994, 7).

Recently, Canada’s two biggest warehouse companies merged to create a forty-seven-store chain under the banner Price/Costco Inc. which is based in Kirkland, Washington (from Price Co. and Costco Wholesale Co.). John Caufield, executive editor of New York based National Home Center News, estimates Price/Costco Inc. will exceed one billion in sales in Canada by the year 2000.

This investment by American-based megastores into Canada is still in its early growth stages. The establishment of megastore shopping, however, has been well-established in the United States. For example, 1994 American figures showed eight companies operating 823 membership clubs with total sales of $46 billion (US dollars). Of this market, Wal-Mart’s Sam’s Club division and Price/Costco control 94 percent of the market (Caufield 1994, 7-8). Similarly, there
exist eight companies that operate over nine hundred warehouse home improvement centres bringing in approximately $20 billion (US dollars). Home Depot operates approximately 40 percent of the stores and accounts for 60 percent of the revenue.

Megastore success is based on consumer disloyalty: most consumers will shop anywhere if cost savings exist or are perceived to exist.

3.2 CONSUMER APPEAL: THE MEGASUCCESS

One can be confused in the wash of information as to whether people should favour megastores or oppose them. While they may cause significant impacts in a community, megastores provide what most people are looking for: brand name products at an affordable price. Dave Nichol, former spokesperson for Loblaw’s, appropriately mused in 1993 that “The lesson of the nineties is that people don’t want to change their lifestyles, they just want to pay less for it” (Corcoran 1993, B2).

In recent years, retail spending as a percentage of disposable income has been declining. Rising taxes, housing and travel costs have eroded the amount of money available to be spent in the retail sector (Kershaw 1994, 50). For those seeking to reduce their costs in shopping, Michael Silverstein, Chicago-based senior vice-president of the Boston Consulting Group, estimates that disciplined shoppers can cut 20 percent off their annual retail bills by frequenting megastores (Foss 1994, 1).

Research conducted in the United States during the early 1990s by Wilton Thomas
Anderson shows that pricing is the primary reason a consumer would patronize a particular store (21.6 percent of respondents). Other notable responses to the study indicate that selection (18.1 percent), quality (16.8 percent), location (14.7 percent) and service (10.4 percent) are important to some consumers (Peterson 1992, 52).

Megastores may not exclusively capitalize on the price factor, but, they are also able to provide a quality product, selection and service (the latter two benefits are found mainly at category killers). By providing good prices, products, selection and service, it is not surprising that megastores are successful.

If megastores provide all of these benefits for the consumer, who can complain? Yet, the megastore does meet substantial resistance in some communities. There are two diverse groups who view megastores with disdain: those who will shop at and those who will not. The first group, those who shop at megastores do so for economic reasons “yet socially oppose the interests of large corporations” (McDowell 1993, 27). The second group, those who will not shop at megastores, include interest groups, community activists and other retailers. Both groups can create an environment of hostility for the would-be megastore.
CHAPTER 4.0

LITERATURE REVIEW - EXPERIENCES WITH MEGASTORES: IMPACTS FOR HOST COMMUNITIES

Megastores have been described as a blessing. These new format retailers provide high-quality goods at affordable prices, create jobs, and increase the municipal tax base. Proponents of megastores will boast these assets, but in reality there are costs associated with megastore developments. Chapter 4.0 will address both the positive and negative impacts of megastores for a wide variety of issues: economic, environmental, employment, aesthetic, social, and planning. The context is first established with an overview of North American examples from megastore host or potential megastore host communities. These examples are taken from the Wal-Mart, Home Depot and Price/Costco experiences and provide information with which to determine, analyse and evaluate the effects of megastores.
4.1 NORTH AMERICAN EXAMPLES

4.1.1 WAL-MART

Wal-Mart is a three format leviathan. Wal-Mart Stores Incorporated operate discount stores, superstores (that carry comprehensive grocery items), and warehouse clubs (Sam’s Clubs). Knowing that Wal-Mart has the largest retail purchasing power on the planet and that communities are standing up to, it creates an interesting David and Goliath story.

In 1993 alone, seven American communities either rejected applications or purchased property from Wal-Mart in attempts to block the entry of this company. One of these communities that said ‘No’ to Wal-Mart, Greenfield, Massachusetts, is a well documented example in current literature.

In 1992, Wal-Mart approached the town of Greenfield (population 19,000) with a rezoning application for a sixty-three acre parcel of land on which they held an option to purchase. It was proposed that the parcel, a working sand and gravel pit, would be rezoned from industrial (fifty-five acres) and rural residential (eight acres) to twenty-seven acres of commercial with the remainder, excluding the eight residential acres, to be utilized for parking and landscaping. The commercial zoning applied for would permit a Wal-Mart and two other megastores to locate for a total of 265,000 retail square feet.

The town required Wal-Mart to conduct an independent study on the economic impacts of the development while the state called for an environmental impact assessment due to the size of
the project. The twenty-seven member council of Greenfield approved the rezoning in July 1993 after the affirmative response from a non-binding referendum held in April 1993. In exchange for this approval, the town received provisions for sign control, ridge and slope protection, design guidelines, an archaeological dig for Indian settlement that would become a mobile display for local schools, a $50,000 'donation' to the town for downtown enhancement, and an agreement from the current landowner that he would donate seventy-five acres to expand the industrial park of Greenfield. It was thought that these conditions would counteract some concerns raised by the development that included downtown deterioration, additional automobile trips, increased retail vacancies, reduction in commercial property values, loss of industrial lands, negligible revenue gain for the city, and a small net job gain (Beaumont 1994, 58).

Greenfield planner, Teri Anderson, stated that Council "approved the project for several reasons: the economic benefit (though slight), the negotiated agreements, and 'the opportunity to send a message to downtown merchants, who haven't been keeping in step with the times'" (Lewis 1994, 15).

While the required studies were underway, the Greenfield Community Preservation Coalition was formed. The Coalition was comprised primarily of concerned citizens and local merchants. This group worked diligently to inform the public of potential damage from Wal-Mart’s entry. With 'Stop the Wal' bumper stickers and other tactics, the Coalition gained enough support to successfully petition Greenfield council for a referendum on the rezoning by October 1993.

Momentum behind the opposition stemmed from the economic impact study commissioned
by Wal-Mart as requested by the town. The report was prepared by RKG Associates from Durham, New Hampshire and Land Use, Inc. from Hadley, Massachusetts. This report concluded that the city would be slightly better off with a Wal-Mart as it would add 177 retail jobs over ten years and generate between $51,000 and $100,000 per annum in property taxes. On the other hand, the consultants calculated that Wal-Mart could displace nearly 92,000 of the town’s 365,000 retail square feet. John P. Matthews, a development analyst from Newbury, Massachusetts, concluded that the 92,000 square feet underestimated the impact and observed that there were only 158,000 square feet of existing retail in downtown Greenfield. Matthews predicted that Wal-Mart would create a 65 percent vacancy rate in retail space that was devoted to the sale of Department Store Type Merchandise (DSTM) in Greenfield (National Trust for Historic Preservation 1993, 20).

By a nine-vote margin, the Wal-Mart proposal was defeated at the referendum (Beaumont 1994, 64).

While Greenfield remains without a Wal-Mart, the site still exists, the technical aspects are now in place, and the only hurdle for a future megastore will be the political arena. The threat of a Wal-Mart entering the town may have been good for Greenfield. Currently, two new stores have opened downtown and the merchants have galvanized and are working on a streetscape improvement plan.

A second Massachusetts community is also embroiled in a match with Wal-Mart. In May 1994, the committee ‘Save our Sturbridge’ was formed in Sturbridge, Massachusetts to do battle with the rumour of Wal-Mart. ‘Save our Sturbridge’ hired Elizabeth Michaud, a noted activist who led campaigns against Wal-Mart in Westford, Massachusetts; in Rhode Island and Connecti-
cut; as well as in other communities in New York State during 1993. With a population of less than five thousand, 'Save our Sturbridge' has expressed concerns over the conversion of a forty-three acre treed parcel (juxtaposed between two wetlands) to a parking lot for 2,000 plus cars to accommodate a store that may not be in existence over the long haul. With a Wal-Mart located eleven miles to the west and fifteen to the east, there is a legitimate fear that the Sturbridge Wal-Mart may not remain in business for long. This fear is not unrealistic given the company’s track record that includes closing unprofitable stores (for example, Hearne, Texas) and developing a large scale new format store nearby and closing down the original location (for example, Bryan, Texas).

'Save our Sturbridge' emphasizes that while in operation Wal-Mart will close small businesses to the detriment of consumer choice. It is also notable that Sturbridge was incorporated in 1738 and currently has many historic buildings in its downtown. If small businesses are unable to survive with the presence of Wal-Mart, it is feared by 'Save our Sturbridge' that those businesses currently occupying heritage buildings will no longer be able to maintain the structures.

At a public meeting to discuss the Wal-Mart proposal 710 people were in attendance. An unofficial vote on the matter had 600 attendees voting 'No' while 110 said 'Yes' to the proposal.

'Save our Sturbridge' continues to campaign in their fight against Wal-Mart. In September 1994, the chairperson for the group met with the personal assistant to David Glass (chair and chief executive officer of Wal-Mart). The group presented a video tape of the aforementioned public meeting and maple syrup -- a traditional Sturbridge offering.

Megastores & Their Planning Implications
The message from Sturbridge is that the short-term development afforded by Wal-Mart does not consider the future or value the past and eradicates the quality of life for its citizens (Goodwin 1994).

Wal-Mart’s entry into Steamboat Springs, Colorado (population 6,700) also engendered controversy. In this ski resort community, residents protested when the council approved the developer’s request for a revised Planned Unit Development (PUD). This revision would accommodate Wal-Mart and a smaller retail area as part of the Central Park Plaza. A citizen petition for a referendum came about as the zoning for the area is ‘commercial resort’ whereby everything is a conditional use except for single family residential. A lawsuit over the referendum ensued with the vote finally being cast in June 1991. At that time, 56 percent said ‘Yes’ to Wal-Mart. Steamboat Springs obtained seventeen provisions from Wal-Mart, including signage size and style provisions and, similar to Greenfield’s experience, a ‘donation’ of $100,000 to the city over four years for downtown improvements. The store opened in September 1992 (Lewis 1994, 16).

After buying 120 Woolco stores in Canada, Wal-Mart continues in its Canadian expansionism. The Town of Simcoe, Ontario is resisting an application from Toronto development firm that would house a 102,000 square foot Wal-Mart and a 55,000 square foot grocery store. Previously, the town had decided to “prohibit major retail development in the area in question, a former air strip on the town’s northeast boundary” (Lewis 1994, 17). Both Simcoe’s economic development officer and a consultant retained by the town to determine the strength of the local retail economy suggest that Wal-Mart would negatively impact the already depressed downtown. If the application is denied, the development firm could bring the issue to the Ontario Municipal Board, a
It should be noted that Wal-Mart has agreed to locational, design and landscaping concessions in several American municipalities: Eden Prairie, Minnesota; Cerritos and Lompoc, California; and Carroll, Iowa (Beaumont 1994, 97-98). What Wal-Mart will agree to in Canada has not yet become an issue.

4.1.2 HOME DEPOT

Given the recent babyboomer trend towards 'cocooning', a preference for 'at home' activities, it is not a surprise that the retail industry has evolved to fill this growing market niche. There is a growth in non-store formats, such as direct marketers and catalogue sellers, who provide home entertainment and decorating goods (Kershaw 1994, 50). But cocooning also works in favour of some megastores: Home Depot, a home improvement retailer, is a benefactor of this trend.

Home Depot believes it can create new 'do-it-yourselfers' out of those who have never done home improvements. This accomplishment is achieved by offering in-store customer clinics on topics, such as wiring, plumbing or carpentry. This formula is seen to be effective as Home Depot is a strong force in the retail industry.

While Wal-Mart receives the most publicity over its battles, Home Depot is not without its share of controversy. This category killer has met with opposition in the United States, particularly in New York state.

Home Depot purchased an eleven acre parking lot from the New York Racing Association
beside the Aqueduct Raceway in Queen's. As Home Depot geared up for construction, a group called the Coalition for Community Preservation and Stabilization prepared to do battle. The Coalition brought every aspect of this development under close scrutiny and to the public mind. The debacle was covered closely in National Home Center News, a journal for the hardware industry.

The March 15, 1993 edition of National Home Center News focused on the zoning for the parking lot. A broad industrial zoning was on the parcel despite the New York Racing Association charter specifically stating that any sale of land must be "in the interests of racing and wagering" (Caufield and Purce, March 15, 1993 152).

At the end of May 1993, the Coalition requested a judicial review for the issuance of Home Depot's building permit. It was argued that Home Depot should have applied for the building permit as a building materials supplier and not as a hardware store. This latter classification bypasses the state's Environmental Quality Review analysis for the project (Purce, June 7, 1993, 50) and the city's Uniform Land Use Review Procedure (Purce, Dec. 13, 1993, 4,124). Home Depot's approved building permit application states that of the 143,000 square feet sales area, approximately 10,000 square feet, or seven percent of floor space, will be dedicated to the sale of building materials. With such a small percentage of the floor space devoted to the sale of building materials, the retailer was not obligated to apply for the more onerous building permit. Interestingly, in all other Home Depots, 30 percent of the floor area is devoted to the sale of building materials.

From another angle, the Coalition contacted the Environmental Protection Agency to moni-
tor the traffic pollution impact. "The Coalition claims that vehicular traffic from the Home Depot store would result in carbon monoxide levels twice as high as the standard levels permitted by federal law today, and twice those that will go into effect in New York in two years [1995]" (Purce, September 27, 1993, 7,76). The Coalition also attempted to convince the New York State Department of Environmental Conservation that Home Depot did not get the proper permits prior to construction with respect to contamination of ground water due to storm water runoff during the construction phase. It was later found that these ground water contamination forms were not required as similar paperwork is covered by the notice of intent that Home Depot filed with the Department of Conservation (Purce, September 27, 1993, 7,76).

This environmental approach may not always fail though. In Port Chester, New York, a State Supreme Court judge "voided all zoning approvals on environmental grounds for a 120,000 square foot Home Depot" after citizens and businesses had been protesting the development for two years (Caufield 1994, 10).

In Norwalk, Connecticut, a group is protesting Home Depot based not only upon the environmental impacts, but also upon the poor track record of the retailer in corporate citizenship (National Home Center News, January 17, 1994, 6,44). Home Depot responds by reminding residents that they employ many people and bolster the tax base.

Evanston, Illinois offered Home Depot four million US dollars as a Tax and Incremental Financing (TIF) incentive. These TIFs are used to "encourage businesses to develop specific areas of underdeveloped or long-vacant land. Payback is based on the assessed value of the property" (McDowell 1993, 28). Local merchants protested vehemently against this incentive as it was
thought to be unfair to existing small businesses and a waste of tax dollars.

It is clear that Home Depot is being opposed not only on environmental grounds but also on its corporate citizenship track record and impact on existing retailers.

Like Wal-Mart, Home Depot will agree to concessions. After intense lobbying, Home Depot in Tulsa, Oklahoma preserved the art deco facade and tower of the downtown’s Warehouse Market built in 1929. The new store will be constructed behind the rehabilitated facade (Beaumont 1994, 91-93). While the project does not meet the US Interior Department’s rehabilitation guidelines, the stimulation to the downtown and the preservation efforts by a large corporation such as Home Depot are welcomed by many.

4.1.3 PRICE/COSTCO

Price/Costco, the membership club giant, has not escaped without its share of controversy. In the American Planning Association monthly journal, Planning, author Sylvia Lewis details the opposition to Price/Costco in Massachusetts:

... the Cape Cod Commission, which controls developments of over 10,000 square feet in the fifteen towns of Barnstable County, has rejected an application from Price/Costco for a 120,000 square foot warehouse store in Sandwich, citing heavy traffic impacts, water usage, and degradation of community character. The firm is now challenging that decision in the Massachusetts superior court (Lewis 1994, 15).

Closer to home, Price/Costco ran into opposition in Brampton, Etobicoke and Markham, Ontario. Loblaw’s Companies Limited, a division of Westfair Properties Ltd. (parent company of
the Real Canadian Superstore), filed appeals with the Ontario Municipal Board against Price/Costco proposals in these three communities. Loblaw’s posited that Price/Costco would upset the commercial hierarchy, cause the closure of other grocery stores, and force consumers to go out of their way to buy groceries.

The Ontario Municipal Board, a quasi-judicial arbiter in planning matters, found Loblaw’s appeal to be an anti-competitive tactic and a hijacking of the planning process. Based upon these conclusions and the little evidence provided to indicate that these megastores would pose a serious threat to the health of the supermarket trade, the Ontario Municipal Board ordered Loblaws to pay $245,000 in costs (Heinzel 1993, B1).

In Portland, Oregon, Price/Costco has applied for a conditional use permit “to convert a vacant US Steel warehouse, built in 1927, into a 125,000 square foot store” (Lewis 1994, 16). The reuse of existing structures, particularly those with historic value, is often viewed positively by local governments and the public at large. In this Portland example, Price/Costco’s director of development, Jack Frank, stated that the layout of the US Steel building lends itself to a warehouse commercial use and is advantageously located in the centre of its trade area. It would seem that both sides may benefit in this development.
4.2 IMPACTS FOR HOST COMMUNITIES

It is said that communities who block megastores lose out in three ways: firstly, consumers are denied the "opportunity to buy goods and services from some of the most efficient and productive retailers in the world" (McDowell 1993, 27); secondly, citizens lose out on the chance to be "employed by these companies" (McDowell 1993, 27); and thirdly, existing retailers are deprived of the incentive to become better. And yet, the above examples show that there are costs for a community when a megastore comes to town.

Issues associated with megastores can be classified as follows: economic, environmental, employment, aesthetic, social, and planning. Within each general category there are subareas that will be discussed. Positive and negative viewpoints are provided. These viewpoints, as opposed to the specific examples provided above, are important in this research as it from a comprehensive examination of both positive and negative impacts that planners and decision-makers can thoroughly discuss and begin to evaluate megastore developments.

4.2.1 ECONOMIC IMPACTS

While megastores are a recent phenomenon in the Canadian retail scene, it is already evident that megastores are an economic leviathan. Megastores have economic impacts for a community through their pricing and locational strategies. In turn, other retailers, traditional downtowns and tourism can be affected by these strategies. At the national level, megastores draw money out of
Canada to corporate headquarters, often in the United States of America.

4.2.1.1 Pricing Strategy

The megastore formula is to purchase vast quantities of goods and resell these to the consumer with minimal markup. Like any large business, megastores have colossal purchasing power. The consumer, in turn, benefits from the lower pricing.

As discussed above in section 3.2, Consumer Appeal: The Megasuccess, disciplined shoppers can reduce their annual shopping bills by at least 20 percent by shopping at megastores (Foss 1994, 1). While megastores do attract many consumers, a survey conducted by the Washington-based Food Marketing Institute found that four out of five American shoppers still go to supermarkets for fresh produce, dairy products and bakery items. Megastores are frequented for non-perishable goods such as canned foods, paper products (toilet paper, paper towels, tissues and office supplies), and health and beauty items. Consumers will shop at both the grocery store and the megastore for soft drinks, snacks, pet food and cleaning supplies -- in short, the items that come up for promotional pricing (Foss 1994, 6).

Warehouse clubs operate on a mark-up of 8 to 10 percent while traditional retailers rely on a mark-up of 30 to 40 percent. Items that move more quickly, such as cigarettes and soft drinks, may have only a 1 percent mark-up in a megastore (Foss 1994, 6). With such a low mark-up on loss leaders, traditional retailers may find it difficult to survive.

In addition to low markups, some megastores offer a conditional price protection guarantee.
Within a certain time-frame (generally thirty days), a proof of purchase and an advertisement for the identical product, will result in a reimbursement of the price difference. Business Depot, an office supply category killer, will even reward the consumer by not only matching a competitor's price, but by also deducting another 50 percent from the price difference (Foss 1994, 6).

Some studies have shown that megastores will reduce prices to the point where traditional retailers are forced out of business, effectively creating a monopolistic environment (Barlow and Patterson, 1994). Using Wal-Mart as an example, a staff attorney at the American Federal Trade Commission's Bureau of Competition said in 1992 that predatory pricing was not a pattern of behaviour for Wal-Mart. Interestingly, in October 1993, three Arkansas pharmacies were awarded almost $300,000 (US dollars) when Wal-Mart lost a predatory pricing case in that state. The judge in the case found that antitrust laws had been violated in part by Wal-Mart's policy to price items "to meet or beat the competition without regard to cost" (Kinder, Lyndenberg, Domini & Co. 1994, 3).

4.2.1.2 How Other Retailers Fare

Megastores can either help or hinder other retail establishments. In a 1993 study by Iowa State University professor, Kenneth Stone, the economic impact of Wal-Mart on other retailers was tracked. Thirty-two Iowa towns with populations between five and thirty thousand were monitored over a five year period. It should be noted that Iowa is a state with a relatively static population, resulting in a fixed size retail 'pie'. Where a population is growing, the retail pie is also
growing, which dilutes the economic impact of a particular megastore (Stone 1993, 1).

Stone found that businesses offering different goods or services than Wal-Mart tended to experience higher sales while those with the same or similar goods lost sales. Examples of the former type include restaurants and home furnishing retailers. This increase in sales can be attributed to the traffic generated by Wal-Mart in the host town. Businesses that lost sales include those that market apparel and grocery items—both product lines offered by Wal-Mart.

Towns that do not have a megastore experience retail leakage across all retail types as consumers will travel the extra distance to shop if there is a real or perceived cost savings (Stone 1993, 2). The relationship between leakage and distance to a megastore is inversely proportional. Stone found that “[a]fter five years, the towns within a twenty mile radius of a Wal-mart store had cumulative net sales reduction of 19.2 percent while the same size towns much further away had sales reductions of only 10.1 percent (Stone 1993, 3).

In a Wal-Mart host town, the economic effect on other retailers can be measured by netting out sales, in other words, establishing what Wal-Mart earns. It was estimated for towns in Iowa that had hosted a Wal-Mart for three years that the average of Wal-Mart sales was $20 million (US dollars) in 1992 and the total sales for the town had only increased by $9 million (US dollars) since the arrival of Wal-Mart. This means that there was a total reduction of sales in the town of $11 million for the merchants who existed before Wal-Mart opened (see Figure 2). To define how various business types fared, one can look further and find that the general merchandise category (of which Wal-Mart is a part) increased by only $13 million. Accordingly, general merchandise dealers in the host town suffered sales reduction of $7 million and other existing merchants had a
Figure 2: Average net sales change after 3 years in Iowa towns with a new Wal-Mart

Sales Estimate for Wal-Mart
Total sales increase in host town
General merchandise sales increase in host town
Net sales loss by all other stores in host town
Sales loss by all other general merchandise stores
Sales loss by other types of retailers

(in millions of dollars)

(adapted from Stone 1993, 3)
net reduction of $4 million (see Figure 2) (Stone 1993, 2).

When a megastore comes to a community, retail consultants have been advising their traditional clients to diversify, offer alternative goods and services, and become better at what goods and services are already provided (Williams 1994). Department stores provide a good example of some of the modifications megastores bring about. Line reduction is a key strategy for many department stores. Slow moving or less popular departments such as furniture, large appliances, floor coverings, and fabric are eliminated in the reorganization. Instead, the focus shifts to clothing, small appliances and toys.

Other stores, particularly grocery stores, may choose to mimic the megastores by offering membership programs or a selection of bulk items.

Despite the recommendation of retail consultants, some businesses invariably offer merchandise similar to that carried by megastores. Vancouver retail analyst, Phil Boname, notes that these retailers, such as K-Mart and Zellers, will feel the megastore impact severely (Shaw 1994).

The debate continues. Megastores have intensified and complicated the perennial debate over the “protection of small business versus the promotion of free enterprise” (Caufield 1994, 11). Retailers who downsize or close completely may lay blame on the megastores while megastore proponents claim both that they are being used unfairly as a scapegoat for a business’ inefficiencies and that there is room for all players in the retail marketplace. It is clear that Canadian retailers will either have to get better or get out (Shaw 1994).
4.2.1.3 Impact on Downtowns

When megastores enter a municipality, the locational strategy, and one that keeps costs down, is to site on industrial land once rezoned to permit large-scale commercial uses. Industrially zoned lands are often situated on the periphery of a municipality. Even if affordable land was available in downtown locations, megastores operate on such a large scale that there would be few parcels of land to accommodate such a retailer.

Businesses that can benefit from the traffic a megastore generates may vacate a downtown location and relocate in close proximity to the suburban megastore. Businesses that offer the same or similar goods to a megastore may close down and withdraw from the retail environment altogether, resulting in the closure of any downtown branch.

As the retail sector in downtown shrinks, either through relocation or bankruptcies, prospective entrepreneurs will not venture into the core if there is not enough consumer traffic. The result is an economically depressed downtown. For the municipality there is a loss in tax revenue while safety and policing concerns, and their associated costs, may increase.

Many retail analysts argue that there is room for all retail formats, yet Professor Stone, in his Iowa study found that this point is only valid in growth areas. Stone observes that "if you go into towns in Illinois where Wal-Mart has been for eight or ten years, the downtowns are just ghost towns" (Bowermaster 1989, 67).
4.2.1.4 Abandonment

If a megastore can wreak havoc as it shapes the economic geography of a community, that community may be further damaged if that business leaves. As it is an older establishment, Wal-Mart has a longer history of openings and closures than other megastores. It has been seen that Wal-Mart will enter stagnant or flat retail environments and proceed to “steal from other merchants” (Lewis 1994, 19). Once competing retailers are eliminated, Wal-Mart will close an unproductive outlet and redirect the consumer to another store in a neighbouring community. Businesses dependent on the megastore traffic may experience financial difficulties and eventual closure.

Hearne, Texas, a town with a population of 5,600 experienced a Wal-Mart closure. Prior to Wal-Mart’s arrival, Hearne had a small, but sufficient, retail sector. With Wal-Mart, many of the business closed or left Hearne to avoid the impact. After ten years in Hearne, Wal-Mart closed. Hearne residents were forced to drive twenty-six miles to Bryan, Texas in order to find many of the basic necessities that could no longer be found in Hearne. Manager of the local chamber of commerce, Cynthia Wallace, said that losing Wal-Mart was a negative experience and “left a real bad taste in everyone’s mouth” (Lewis 1994, 19). Interestingly, when Hearne residents arrive in Bryan to shop, they drive past the old, unoccupied Bryan Wal-Mart to the new Bryan Wal-Mart, a structure almost three times as large at 202,000 square feet (Lewis 1994, 19).

In anticipation of Wal-Mart’s entry into Canada, Toronto-based business writers Maude Barlow and Cynthia Patterson cautioned that “Wal-Mart has left ghost towns all over America”
Megastore retailers claim closures eliminate inefficiencies while relocations to an expanded facility allow for more products and services to be offered to the public. Abandonment may create opportunities for both the surviving retailers to recapture a larger market share and entrepreneurs to enter the market.

4.2.1.5 Tourism

Communities with a large tourism industry may be negatively impacted by the arrival of a megastore. A study completed by Residents for Responsible Growth in Lake Placid, New York, shows that tourists overwhelmingly find a Wal-Mart to detract from a community (95 percent of the 516 respondents). 72 percent of the respondents stated that they would be less likely to visit a Wal-Mart host community than one without a Wal-Mart.

In other north-eastern states, such as Vermont, the tourism industry accounts for a significant proportion of revenue and employment. Eight million people visit Vermont annually, spending $1.25 billion (US dollars), 15 percent of Vermont’s Gross State Product, and generating thirty thousand jobs (National Trust for Historic Preservation 1993, 4).

The 1989 Governor’s Commission on the Economic Future of Vermont found that visitors go to Vermont “because they like what they see” (National Trust for Historic Preservation 1993, 11). Tourism in Vermont is fueled by its natural beauty, historic downtowns and agricultural heritage. If megastores alter the physical landscape to the detriment of these assets, the tourism
industry of communities like Lake Placid or states like Vermont, may be inseparably effected.

4.2.1.6 National Leakage

While leakage from one community to another is an economic impact from megastores, there is also national leakage occurring. Many megastores currently in Canada have their headquarters in the United States of America or Europe. Accordingly, store profit does not stay in Canada but rather goes back to the corporate headquarters. This leakage at a national scale is not positive for Canadian economy — profit does not stay in Canada for Canadians to enjoy the multiplier effect from it.

Summary

Economically, it is evident that there are both positive and negative impacts when a megastore is part of the retail market. There is a fine line between the provision of relatively affordable goods for the consumer and the protection of existing retailers. Megastores can and do impact a community’s downtown through their locational strategies be this through development of peripheral sites or abandonment of a downtown location. A potential loss in tourism dollars may be a consideration for small to medium-sized communities. Lastly, leakage of megastore profits for the national economy is significant.
4.2.2 ENVIRONMENTAL IMPACTS

It is difficult to identify positive environmental impacts of megastores. A report on big box retailing by the Vancouver City Planning Commission aptly summarizes their environmental impact as not based on a sustainable city concept (1994).

The strategy of megastores to locate on peripheral land results in an automobile oriented consumer. With the automobile comes congestion, the requirement for more or better road networks and air pollution. Upon arrival at a megastore, automobiles require expansive parking lots. In some instances, the sprawling land use that characterizes megastores encroaches on what some may consider to be environmentally sensitive areas.

4.2.2.1 Traffic Volumes

As megastores are popular, auto-dependent, peripheral destinations, both the overall volume and length of trips are relatively higher than those of traditional retailers. Based on the increased traffic generation alone, some communities are saying 'No' to megastores.

The Cape Cod Commission, which controls developments of over 10,000 square feet in the 15 towns of Barnstable County, Massachusetts, rejected an application for a 120,000 square foot Price/Costco in Sandwich in part due to the traffic impacts the development would generate. Price/Costco has taken the rejection to the Massachusetts superior court (Lewis 1994, 15).

In Port Chester, New York a coalition called Concerned Citizens for Proper Planning
Incorporated worked to keep Home Depot from opening on the grounds that the residential roads around the site could not handle more vehicular traffic. The coalition hired a traffic engineering firm and chartered a helicopter to fly over Long Island to view the road infrastructure required for Home Depot sites. A video tape made from the helicopter trip was turned into an hour long presentation. The group has been successful in lengthening the approval process as they provide the Community Board with information on which to base decisions (Caufield April 5, 1993, 7 and 36).

Increased traffic volumes raise the issue of infrastructure financing. Development cost charges are available to a host municipality for off-site infrastructure development, yet an adjacent, non-host municipality may also experience infrastructure costs related to the megastore but have no cost recovery mechanism available.

4.2.2.2 Pollution

In addition to the volume of traffic generated by megastores, atmospheric degradation and surface runoff are two auto-related pollution impacts. Home Depot’s development application in Queen’s, New York provides a good example of these two issues.

In Queen's, the Coalition for Community Preservation and Stability is requesting that the Environmental Protection Agency examine the traffic pollution impacts of the proposed Home Depot. “The coalition claims that vehicular traffic from the Home Depot store would result in carbon monoxide levels twice as high as the standard levels permitted by federal law [in 1993], and twice those that will go into effect in New York [by 1995]” (Purce Sept. 27, 1993, 76).
Earlier in 1993, this same group unsuccessfully petitioned the New York State Department of Environmental Conservation to stop the construction of the Home Depot. The basis for the argument was that Home Depot did not get the proper permits for ground water contamination from discharge of pollutants and storm water.

4.2.2.3 Environmentally Sensitive Areas

A final environmental impact cited in the literature is the loss of environmentally sensitive areas for the development of megastores. The preference of megastore developers to locate on peripheral lands may mean that wetlands or lands with a high wildlife habitat capability are at risk. Home Depot has already been challenged on this point. Faced with opposition from local citizens, businesses and city council members, the category killer agreed to preserve more wetland than originally planned on in their Encinitas, California development (Caufield April 5, 1993, 7 and 36).

Summary

Increasingly, there is a more vocal, environmentally conscious public that will react to the environmental impacts of megastores. The locational preference of megastores combined with the bulk purchasing, particularly at superstores and warehouse club, necessitate automobile usage. Amplified traffic congestion, atmospheric deterioration, and surface runoff together with the potential loss of environmentally sensitive areas are the primary environmental concerns related
4.2.3 EMPLOYMENT IMPACTS

There is a heated debate over the economic impacts of megastores vis a vis the employment they may provide. Supporters of the megastore concept claim that a job is better than no job while opponents maintain that not only do megastores create a net job loss, they also produce a poorer working class.

4.2.3.1 Net Job Impact

Megastores have the potential to affect the number of net jobs in a community in two ways: firstly, displacement of industrial jobs and secondly, rationalization or closure of existing retail establishments.

The locational strategy of megastores is to locate in industrial areas where there is an affordable, adequate land base to support the use. In so doing, industrial employment at that site is lost. If the land was vacant or not being actively utilized for industrial purposes, the question of job loss must be addressed in light of the potential for future industrial uses. For example, the proposed Home Depot to be located at the former Taystee Bread Factory site in Flushing, New York will employee four hundred people. When operational, the Taystee Bread Factory employed five hundred people. Despite the site's inactivity for industrial purposes, the megastore development
represents a loss of potential industrial jobs.

Neighbouring industrial uses may be impacted as well. Consumer traffic generated by a megastore may impede the movement of transport trailers and other large equipment normally associated with industrial uses. This impairment, coupled with rising property values attributable to the megastore as other retailers want to capitalize on the high traffic volumes, may compel adjacent industries to relocate or downsize.

A net job loss may also be realized in the retail sector. To the extent that traditional retailers rationalize or reorganize to better position themselves in the face of megastores, employees may be dismissed. Additionally, if a business decides to close altogether or file for bankruptcy, jobs are lost.

4.2.3.2 Wages and Employment Type

It is common knowledge that employees in the industrial sector make more money per annum than those in the retail environment. The megastore strategy is to offer many low paying jobs on a part-time basis. While this part-time strategy meets some employees' requirements, others may prefer full-time employment. Megastore corporations benefit from the part-time strategy as it eliminates the obligation to pay employee benefits. Employees experience difficulty accumulating enough hours on a part-time basis to move into a higher pay category. Strict employee regulations make staff turnover high, again limiting advancement to higher pay scales.

Megastores have few labour disruptions given their intolerance for unions. In a employers'
market, there is little incentive to do so. Evidence of an employers’ market was seen in Kamloops, British Columbia, where Price/Costco received seven thousand applications for one hundred and forty positions in October 1994 (BCTV News, week of Oct. 13, 1994).

Summary

Megastore proponents will advocate employment as a benefit to allowing the development. Given the potential for net job losses and a decrease in wages for the lower skilled labour force, the employment claim is tenuous. Unfortunately, most municipalities do not have the resources to determine the employment and wage impacts of a megastore proposal. The municipality is left to interpret what the development will mean for the local labour force, value added sector and the Gross National Product from the proponent’s own studies (Mondor 1994).

As Professor Michael Seelig from the University of British Columbia points out, many municipalities may not end up with what they are expecting.

It is alarming that many municipalities are willing to abdicate their planning principles as soon as large corporate entities dangle before them twin carrots of increased tax revenue and employment. Ironically, when all calculations are done, these municipalities are likely to have less of both employment and taxes (1993, 20).

4.2.4 AESTHETIC IMPACTS

Regardless of where a megastore locates, it contributes to the impressions of the community.
for both residents and visitors alike. The architecturally bereft structures may attract retailers who move from the downtown core, suburban strip malls, and shopping centres in order to capitalize on the increased consumer traffic. Vacant downtowns may negatively impact the tourist trade and the viability of heritage conservation though there may be opportunities for positive megastore developments in the downtown. A megastore’s departure from a community may also leave irreparable visual scars.

4.2.4.1 The Architecture

Little is mentioned in the literature about megastore architecture. The structures have garnered the epithet ‘big box’ given the characteristic one-storey, sprawling format. Most megastores are windowless, grey buildings with sparse landscaping on the parking lot edges.

Design and landscape concessions agreed to by megastore developers (outlined in section 4.1, North American Examples) provide a good starting point for further aesthetic improvements.

4.2.4.2 Downtowns

Not unlike the shopping mall of the 1960s, 70s and 80s, megastores may have a dramatic impact on the downtown. In the situation of a megastore locating on peripheral lands, the downtown may empty either through attrition or as retailers move closer to the megastores in order to benefit from the increased consumer traffic. Former president of the Chamber of Commerce in
Independence, Iowa, Geoffrey L. Moser, summarized the impact of Wal-Mart in his community on the downtown merchants by stating that “Wal-Mart has replaced the need for Main Street” (Bowermaster 1989, 29).

Boarded up storefronts with for lease or for sale signs and graffiti, generally associated with vacant downtowns, are neither attractive nor do they impart of a sense of personal security. Without ‘eyes on the street’, a term coined by Jane Jacobs which means an active street with subconscious surveillance and mutual policing, personal security is an issue (1961, 35). Eventually, consumers may not venture to the core for shopping at the remaining retailers. In this way, downtowns become irrelevant to the local population.

In the situation of a megastore locating in a downtown, there is opportunity for creative reuse of existing structures or the architectural integration of new structures. With respect to the former development, Home Depot provides a good example. In Tulsa, Oklahoma Home Depot was welcomed as the retailer preserved the art deco facade and tower of the downtown’s Warehouse Market built in 1929 (Beaumont 1994, 91-93).

4.2.4.3 Heritage Structures

A vacant downtown raises questions about the viability of heritage conservation as it is generally in the core of a community that heritage structures are found. There is a legitimate concern held by conservationists that without downtown merchant tenants, there will be no money available with which to maintain heritage buildings. Eventually, these buildings may fall into a state
of disrepair only to be demolished for safety reasons.

Megastores that do locate downtown often have a preformatted building that does not conform to local, historic architecture. Resultant development in the downtown may alter the distinctive local architecture, scenic areas and, some would argue, urban livability (National Trust for Historic Preservation 1993). As outlined in section 4.1, North American Examples, opportunities exist for megastores to utilize heritage buildings and adapt to local demands for a more aesthetically appealing building and landscaping. Proponents of megastores may even make the point that a good development in a run-down area could drastically revitalize the community (McGoldrick, 1990, 181).

4.2.4.4 Tourism

Megastores may impact the tourist trade whether the development is on the periphery or in the downtown. Peripheral sites may drain retailers from the downtown core, leaving only shops that cater to the tourist trade. When this exodus occurs, the downtown is no longer relevant to the local population and as a result, the tourist finds themselves in an artificial environment.

Downtown megastore developments may turn tourists off from visiting a community. Tourists are often looking for a traditional downtown to visit, not a replica of what they left behind in their hometown. As a study conducted by the Lake Placid Residents for Responsible Growth indicates, tourists find that Wal-Mart detracts from a community and would be less likely to visit a community with a Wal-Mart (data from this survey is discussed in 4.2.1.5, Tourism).
4.2.4.5 Abandonment

What may be more detrimental to the visual appeal of a community than the arrival of a megastore could be its departure. The vacancies created by megastores through closures or relocations of traditional retailers combined with the vacant megastore itself paint a dreary picture of a municipality. Even if there is a demand for the vacant megastore structure by another business, there are often clauses placed on the property title that prohibit other retailers from utilizing the space. The sprawling format of megastores is not readily adaptable to a wide variety of other uses.

Summary

When a megastore enters a community, there can be resultant aesthetic concerns as the downtown may empty and previously occupied heritage buildings may fall into disrepair. Residents and tourists may be shielded from some aesthetic impacts if a megastore development reflects its architectural vernacular.

4.2.5 SOCIAL IMPACTS

It has been said that "[r]etailing... is very sensitive to its social and economic surroundings and cannot be considered apart from them" (Santink 1990, 4). This new form of retailing, the megastore, appears to shape the social environment as it responds to the economic conditions of
the day. Megastores impact a community’s character as they both alter the perception of what a community is and may lead to retail sterility.

4.2.5.1 Perception of Community Altered

The megastore phenomenon is radically altering the way people shop and in turn, is irrectractably changing what ‘community’ is perceived to mean. Some of the effects of megastore development include the disappearance of downtowns and the commercial sector, limited sponsorship opportunities for local sports teams and non-profit organizations, and increased difficulties for those in the community without automobiles. Megastores represent in part an Americanization of the Canadian retail economy and in turn, the Canadian community.

Megastores not only meet the retail demand in high growth areas, but also attract consumers from established neighbourhoods. If traditional retailers lose out to megastores, the heart of a neighbourhood or community may die through store closures (Seelig, unpublished essay). Without the traffic generated by the corner grocery and the independent clothing store, the coffee shop and bakery may close. These closures will result in fewer gathering places for the neighbourhoods’ residents; they will have no place to discuss current events and political issues. The neighbourhood could deteriorate into a residential suburb of a larger entity and the consumer may become an anonymous face with disposable income.

Loblaws, in its appeal to the Ontario Municipal Board against Price/Costco, reasoned that the new development would upset the commercial hierarchy of existing neighbourhoods
(Corcoran 1993, B2). In Small Town, Bill Steiner summarizes this socio-economic strain on a community: "[t]owns changed because their local economies ceased to matter and it is only now beginning to dawn on us that you cannot have a community without a local economy. To buy things made far away, sold by merchants who also live far away is to be a colony" (Steiner 1992, 26).

Organizations, such as community sports teams and non-profit groups, are often dependent upon the financial support of local businesses, including retailers. Historically, retailers have responded to these requests for sponsorship as they may be a resident in the neighbourhood or their child may play on a particular sports team. Participation through sponsorship is viewed as way to put back into the community and show appreciation for patronization. If neighbourhood retailers are forced to downsize or close completely, there may be no extra money available with which to sponsor community organizations. Megastores do set aside a small percentage of net profit for the support of local teams and organizations yet their corporate citizenship track record pales in comparison with the support by traditional retailers. Organizations may be put off by the onerous application to complete and the lengthy review process.

The locational strategy of megastores, to locate on a municipality's periphery to achieve both a large enough land mass and an affordable price, means that consumers who shop megastores must travel farther. Consumers without automobiles may be unable to access the megastores. Public transit often does not run to isolated destinations and the distance to walk across an expansive parking lot, should transit even go by the site, may be prohibitive for some people. Given the volume purchasing found at many megastores, return trips by public transit
could be unwieldy. This issue of accessibility was brought out by Loblaws in its presentation to the Ontario Municipal Board. Here, Loblaws stated that the location of Price/Costco would force consumers to go out of their way to buy groceries and that should not be acceptable (Corcoran 1993, B2).

4.2.5.2 Retail Sterility

To the extent that megastores impact traditional retailers, closures may occur. The Vancouver City Planning Commission carries this scenario to completion in its 1994 report to Council. The Commission describes the elimination of other retailers to be an eventual detriment to the consumer when prices and selection may be controlled by only several large stores at some future point in time. Given the data surrounding the megastore growth, discussed in section 3.1, The Growth of Megastores, the future may have already come. By the end of 1994, eight companies operated 823 membership clubs which generated $46 billion (US dollars) in total sales. Wal-Mart, through its Sam’s Club division, and Price/Costco control 94 percent of that market (Caufield 1994, 7-8).

As North Americans are overstored and overmalled for today’s consumer spending patterns (Peterson 1992, 244), retail analysts are predicting a major shakedown in the 1990s. Not only will small, independent businesses be impacted by megastores, but shopping malls and other megastores are at risk. It is expected that by the year 2000, more than half of today’s independent retailers will be out of business while 20 percent of existing regional shopping centres will close.
(Peterson 1992, 49). Given these dramatic estimates, it should come as no surprise that long-time Canadian retailer, Eaton's, sought court protection from its creditors in February 1997. For big box retailers, the saturation of the market by the large players will result in closure or consolidation in the future. The closure of British Columbia's Toys 'N Wheels in January 1995 is a prime example of a small category killer being beaten out by a larger one (Toys R Us).

Professor Colleen Collins Dodd of Simon Fraser University believes that the end result of the shakedown will be a polarization in the retail sector. At one end of the spectrum, small, independent retailers will survive by finding a market niche while megastores will be positioned as one-stop shopping destinations at the other pole. It is realistic to assume that "[s]ome lines of trade will be virtually owned by four or five major players operating from a portfolio of distinctive store concepts customized to strategically selected target markets" (Peterson 1992, 50).

The contraction of the retail sector, concentrating the wealth among fewer retailers, will affect not only shopping in the short term, but will have an impact upon how and where future generations will shop. In its 1994 report, the Vancouver City Planning Commission suggests that megastores do not consider future populations and their needs -- where and how people will live and immigrants' shopping needs. Through time and maturation, megastores may begin to look further down the retail road and address future consumer trends proactively.

Summary

While megastore proponents may argue that 'bigger is better', the social impacts of the new
format retailers may create an unhealthy social environment. As traditional neighbourhood retailers close their doors, residents are left with less in common, community organizations lose sponsors, and access to daily necessities is restricted by car ownership. The importance of these tangible and intangible concerns are supported by decision-making bodies: the Cape Cod Commission, described in section 4.1.3, Price/Costco, and 4.2.2.1, Traffic, rejected a Price/Costco application not only on the basis of traffic impacts, but also on the degradation of community character (Lewis 1994, 15).

Retail sterility will be the result of major upheavals in the industry. Megastores and small, independent retailers will remain and be positioned at opposite ends of the spectrum while department stores and discount chains may not survive.

As megastores mature, they may change to address concerns over future consumers and their shopping needs.

4.2.6 PLANNING IMPACTS

Megastores pose several planning and land use concerns that are not directly addressed in the literature. The primary issues that surface relate to the use of industrial land, local infrastructure, and planning principles.

4.2.6.1 Use of Industrial Lands

Megastores often chose to locate in industrial areas. In this way, there is adequate space for
the sprawling footprint of the building and an expansive parking lot. Additionally, the price per acre in industrial areas is cheaper than that of commercial property by approximately one-fifth (Mondor 1994).

The use of a municipality’s industrial land base for commercial purposes raises three land use questions. Firstly, can a municipality sustain the loss of land suited for industrial development given its economic goals and the needs of the current and future population? Proponents of the megastore concept will suggest that the area is under-retailed; that its products are appropriate in an industrial area (e.g., Home Depot); and perhaps, if the parcel is vacant, that the land was underutilized for industrial purposes. The industrial land base may be further eroded as neighbouring property owners, anticipating the ability to rezone to a ‘higher and better use’, increase their rent to prohibitive rates for industry or sell the land to speculators.

Secondly, a megastore will obtain on option to purchase industrial land subject to a successful commercial rezoning. This strategy leads to serious debate over the inequitable cost advantage for the megastore over the traditional retailer who locates on land already zoned and priced for commercial uses. Additionally, a municipality must address the windfall profit given to the megastore by approving the rezoning application. Currently there is no mechanism for recovery of some or all of this profit bestowed on the developer (Seelig, unpublished, 2).

Lastly, a megastore may delude a municipality with the promise of increased property tax revenue; but, while land in an industrial area may have a higher mill rate than a commercial parcel, the assessed value is usually lower. Accordingly, the net taxation impact for a municipality may be negligible or negative.
4.2.6.2 Infrastructure

There is a tangible price tag for a municipality that becomes a megastore host. As megastores require an auto-dependent consumer, the proper infrastructure must be in place for the automobile. In many megastore developments, lanes must be widened to permit left turn or deceleration lanes; signals must be either installed or altered; and sometimes the creation of new streets is required. Megastores contribute to the initial construction of off-site servicing through development cost charges. Maintenance, unfortunately, may not always be covered by the tax revenue generated from a megastore if the commercial tax base dwindles from this new competition. A municipality must examine both the upfront and hidden infrastructure costs of megastore development in relation to the property tax revenue derived from this sprawling land use.

Jimmy Carter attempted to counteract the potential costs of suburban sprawl, including commercial uses, in the last months of his American presidency. His government came out with a proposal that would cut federal funds for development located outside of cities and towns if there were evidence the development would demonstrably weaken existing communities, particularly their established business districts. Effectively, there would be no moneys available for new roads, interchanges or water and sewer lines. The proposal, called the Community Conservation Guidance, was quashed within the first few months of the Ronald Reagan administration (Kowinski 1985, 148).
4.2.6.3 Planning Principles

Megastores "fly in the face of most current urban planning principles which advocate jobs in or near urban cores, less reliance on the car, creation of 'urban villages', and adherence to the principles of sustainable development" (Seelig, unpublished, 1). A municipality's adherence to these goals must be reevaluated as megastores have become entrenched in the North American retail scene.

Some municipalities have established criteria with which to examine large scale developments such as megastores. Under the Land Use Code for North Elba, New York there are fifty-five such criteria that must be examined by the Planning Board. Two of the criteria include "the overall sensitivity of the proposed project to the neighborhood" and "the relationship of this proposal to the existing land use make up and character of the areas immediately or likely to be impacted by the proposal" (Residents for Responsible Growth). Vancouver, British Columbia also has a set of guidelines with which to examine development applications for home improvement centres. Criteria outlined in the guidelines include industrial location, land use, traffic and parking, accessibility, atmospheric pollution, neighbourhood context, retail structure, and public support (City of Vancouver 1994).

Scientific inquiry is utilized to objectively examine the criteria. Unfortunately, the potential benefit from examining a megastore's impact against the criteria may be compromised as the required studies are often commissioned by the megastore proponent (Beaumont 1994, 74).

Various agencies review megastore applications vis a vis planning issues based on similar
guidelines. It is thought that this process, involving several layers of government, will ensure good
decision-making. Mark Dorfman, a planning consultant in Waterloo, Ontario states that despite
these checks and balances, “when it comes to major developments, there’s always a bottom line,
even in Canada” (Lewis 1994, 17). Essentially, the question comes down to the degree to which
the public and locally elected officials care about planning. If there is apathy towards planning,
Dorfman wonders “what happens when a Wal-Mart comes in and says, ‘To hell with market
studies, to hell with municipal planning. Your system has to conform to our formula’?” (Lewis
1994, 17). Megastores challenge the planning profession in more than just a land use vein.

Summary

Megastores impact planning and land use matters within a municipality. The loss of indus-
trial lands to megastore retailers and the associated financial savings bestowed by the municipality
through rezoning are serious considerations. Faced with megastore proposals, municipalities may
abdicate planning goals that would serve to reduce the number of vehicle trips, in turn reducing
both infrastructure requirements and atmospheric pollution.

The planning impacts of megastores should be analyzed in as objective a fashion as possible.
Section 4.2.7, Impact Summary Tables, provides a useful guide for municipalities who wish to
evaluate megastore proposals.
The retail environment is influenced by and, in turn, influences much in society. As outlined in sections 4.2.1 to 4.2.6, megastores can produce both positive and negative impacts. Whether an impact is positive or negative is contingent upon individual perspectives. For example, as megastores expand the retail trade area for a community, spillover effects accrue to some businesses such as restaurants and gas stations, though some businesses will suffer sales reductions. Clearly, the former may view the megastore as a positive factor in the community while the latter will determine the megastore to be a negative force.

The following impact summary tables (Figure 3) are compiled from the impacts discussed above: economic, environmental, employment, aesthetic, social, and planning. These tables summarize the key points raised in this thesis and present them in a way that makes them useful analytical tools for as a reference point for asking questions and completing municipality-specific research.

**Figure 3: Impact Summary Tables**

<table>
<thead>
<tr>
<th>IMPACT</th>
<th>ISSUE</th>
<th>POSITIVE</th>
<th>NEGATIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Pricing Strategy</td>
<td>Opportunity to purchase goods at lower prices.</td>
<td>Draws consumer spending away from existing retailers. May create a monopoly.</td>
</tr>
</tbody>
</table>
## Figure 3 (Cont'd)

<table>
<thead>
<tr>
<th>IMPACT</th>
<th>ISSUE</th>
<th>POSITIVE</th>
<th>NEGATIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic (cont'd)</td>
<td>How Other Retailers Fare</td>
<td>Draws consumers into host municipality, benefitting complementary businesses (gas stations, hotels). Benefits specialty retailers. Benefits non-competitors.</td>
<td>Direct competitors may lose business. Leakage for non-host municipalities.</td>
</tr>
<tr>
<td></td>
<td>Downtowns</td>
<td></td>
<td>May become vacant through attrition or relocation. Increase in safety concerns. Increase in policing costs.</td>
</tr>
<tr>
<td></td>
<td>Abandonment</td>
<td>Opportunity for remaining retailers to capture larger market share. Opportunity for new retailers to enter the market.</td>
<td>Consumers forced to travel further. Leakage from former host municipality. Megastore dependent businesses may lose revenue and be forced to close or relocate.</td>
</tr>
<tr>
<td></td>
<td>Tourism</td>
<td></td>
<td>Detraction for tourists.</td>
</tr>
<tr>
<td></td>
<td>National Leakage</td>
<td></td>
<td>Few economic spin-offs for Canadian municipalities.</td>
</tr>
</tbody>
</table>
FIGURE 3 (CONT'D)

<table>
<thead>
<tr>
<th>IMPACT</th>
<th>ISSUE</th>
<th>POSITIVE</th>
<th>NEGATIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td>Traffic Volumes</td>
<td></td>
<td>Rapid deterioration of infrastructure.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Increase in infrastructure maintenance costs.</td>
</tr>
<tr>
<td></td>
<td>Pollution</td>
<td></td>
<td>Increase in atmospheric degradation.</td>
</tr>
<tr>
<td></td>
<td>Environmentally Sensitive</td>
<td></td>
<td>Expansive asphalt parking surfaces increase runoff into stormwater systems.</td>
</tr>
<tr>
<td></td>
<td>Areas</td>
<td></td>
<td>Potential loss of environmentally sensitive areas.</td>
</tr>
<tr>
<td>Employment</td>
<td>Net Job Impact</td>
<td>Megastores provide employment.</td>
<td>Displacement of industrial jobs on proposed site.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Potential displacement of industrial jobs on adjacent parcels.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Loss of land base for future industrial employment.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Downsizing or closure of other retail employers may result in job loss.</td>
</tr>
<tr>
<td>IMPACT</td>
<td>ISSUE</td>
<td>POSITIVE</td>
<td>NEGATIVE</td>
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<tr>
<td>---------------------</td>
<td>---------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Employment (cont'd) | Wages & Employment Type   | Part-time employment is satisfactory for some employees.  
Few labour disruptions in the workplace without unions. | Lower wages at megastores compared to lost industrial jobs.  
Part-time employees have no benefits.  
Part-time employees have little opportunity for pay scale advancement.  
Decreased bargaining strength in labour force without unions. |
| Aesthetic           | Architecture              | Megastores could enhance the downtown if integration is sympathetic to surroundings. | Megastores are an eyesore.  
Megastores are poorly landscaped.  
Megastores do not match local vernacular. |
|                     | Downtowns                 |                                                                           | Vacant downtowns may become unsafe.  
Vacant downtowns become irrelevant to residents of a municipality. |
<table>
<thead>
<tr>
<th>IMPACT (cont'd)</th>
<th>ISSUE</th>
<th>POSITIVE</th>
<th>NEGATIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aesthetic (cont'd)</td>
<td>Heritage Conservation</td>
<td>Potential for revitalization of heritage buildings through sensitive megastore development.</td>
<td>Potential loss of tenants in heritage structures through attrition or relocation. Loss of tenants may lead to demolition due to deterioration. Megastores do not match local historic vernacular.</td>
</tr>
<tr>
<td></td>
<td>Tourism</td>
<td></td>
<td>Potential exodus from the downtown creates artificial environment for tourists. Detraction for tourists.</td>
</tr>
<tr>
<td></td>
<td>Abandonment</td>
<td></td>
<td>Megastore vacancies are unsightly. Megastore structures are difficult to utilize for other purposes due to restrictive covenants placed on title by the megastore developer. Megastore structures are difficult to utilize for other purposes as conversion of such a large building may be prohibitive.</td>
</tr>
</tbody>
</table>
### Figure 3 (Cont'd)

<table>
<thead>
<tr>
<th>IMPACT</th>
<th>ISSUE</th>
<th>POSITIVE</th>
<th>NEGATIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social</td>
<td>Perceived Community Altered</td>
<td>Megastores meet demand for retail in high growth areas.</td>
<td>Local gathering places may be lost through business closures or relocations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Megastores set aside fixed percentage of annual profits for donation</td>
<td>Local teams and non-profit organizations may have limited sponsorship as traditional retailers may have less to contribute to local organizations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>to local organizations.</td>
<td>Megastore donation applications are time intensive.</td>
</tr>
<tr>
<td></td>
<td>Retail Sterility</td>
<td>Some megastores provide one-stop shopping.</td>
<td>Auto-orientation prohibitive for some consumers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Closure of traditional retailers may lead to monopolistic pricing by megastores.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Polarization within the retail industry creates a lack of consumer choice.</td>
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<td>Megastores ignore the needs of future populations.</td>
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<tr>
<td>Planning</td>
<td>Use of Industrial Lands</td>
<td>Some megastores sell products appropriate in industrial setting (i.e. Home Depot). Potential to revitalize marginal, unused industrial lands. Municipality may generate increased tax revenue.</td>
<td>Loss of industrial land base. Expectation for rezoning created for neighbouring property owners. Unfair advantage for the megastore over traditional retailers in commercially zoned areas. Municipality has no mechanism to recover windfall through rezoning. Gain in tax revenue may be negligible as industrial land has higher mill rate yet lower assessed value.</td>
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<td>Infrastructure</td>
<td>Existing infrastructure on industrial lands.</td>
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<td>Additional infrastructure may be required. Maintenance of infrastructure may not be covered through tax base. Megastores represent sprawl development.</td>
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<td>Planning (cont'd)</td>
<td>Planning Principles</td>
<td>Challenge to planning profession. Megastores must meet certain criteria in some municipalities. Developments are screened by several agencies.</td>
<td>Municipality is often reliant on data provided by megastore developer.</td>
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(Tables developed by author)
CHAPTER 5.0

NEW FORMAT RETAILING IN BRITISH COLUMBIA

British Columbia is an attractive market for megastores given the growing population and its relative affluence. Megastores first made their debut in British Columbia in the 1980s. A decade later, category killers, superstores and membership clubs dot this province's landscape.

Two British Columbian communities, Prince George and Courtenay, have been selected as megastore case studies. Prince George is host to Price/Costco and the Real Canadian Superstore while Courtenay hosts the Real Canadian Superstore. These communities provide a broad perspective on being a megastore host given the difference in population size and access to other markets. Large urban centres, such as any municipality in the Lower Mainland, were not selected as case studies given that examination of retail activity in these centres can be skewed by many diverse and complex factors.

A brief presentation of each community and its megastore entry is first provided to assist in comprehending impacts associated with the megastore. Elected officials, chambers of commerce, realtors, economic development corporations, traditional merchants, and planning staff from each community were interviewed to obtain qualitative and quantitative data. The mayors from each municipality provide the political reasoning and viewpoint behind the decision-making; the cham-
bers of commerce, realtors and economic development corporations contribute quantitative information; traditional merchants offer a qualitative retail impact analysis; and planning staff share policy insights from their experience with megastores.

From the information collected in these interviews, each community’s experiences with megastores are compared and contrasted to the findings from the literature review.

5.1 **PRINCE GEORGE: THE COMING OF AGE**

5.1.1 **INTRODUCTION**

When Price/Costco opened their doors in August 1993, Prince George had never before been host to such a large scale retailer. With a population of approximately 70,000 (69,653 in the 1991 Census), Prince George does not have the population base required for warehouse retailers. But, the company’s market research was correct. The additional population base required to make the project a success pours in from other northern British Columbian communities. It is not uncommon to hear of shoppers coming to Prince George from as far away as Mackenzie (185 km to the north), Quesnel (118 km to the south), McBride (215 km to the east), and Smithers (370 km to the west), to partake in the offerings at Price/Costco.

Being the largest community in northern British Columbia, Prince George has long considered itself ‘British Columbia’s Northern Capital.’ With the opening of the Real Canadian
Superstore in October 1995, and the Price/Costco, Prince George has positioned itself as the shopping mecca for the north.

This case study will focus on the Price/Costco development.

5.1.2 BACKGROUND

The Price/Costco site was originally designated for highway and tourism uses in the 1979 Official Community Plan (OCP). This designation would have accommodated a comprehensive automobile sales and service park. Currently there are two automobile dealerships located to the south of the subject property. In 1982, the vacant parcel was redesignated for a community shopping centre. At that time, there was a 144,500 square foot shopping centre proposal for the site but the accompanying rezoning was not granted as the applicant failed to meet certain conditions imposed by the City.

Faced with the Price/Costco application, Peter Bloodoff, then Director of Development Services, advised Mayor and Council to redesignate the 11.9 acre site to 'Comprehensive Development' in the Official Community Plan. By so doing, Bloodoff reasoned the visual impact of a large, low-profile building with extensive parking areas could be ameliorated with landscaping and the neighbourhood would have greater certainty as to the form of development to be constructed on the site. The accompanying zoning bylaw amendment restricted the permitted uses to "those that are primarily auto-oriented and generally require large low-profile buildings" (Bloodoff 1993, 4). In keeping with the Development Services' vision, this same OCP designation and zoning was
then extended to a City-owned parcel to the north of the Price/Costco site where the Real Canadian Superstore now stands.

The Prince George Price/Costco application proceeded with few obstacles. Forty-nine days passed between first and final reading for both zoning and Official Community Plan amendments.

5.1.3 IMPACTS FOR PRICE GEORGE

Impacts of megastore development in Prince George have been determined from interviews with the following:

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<tr>
<th>Name</th>
<th>Position</th>
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<tr>
<td>John Backhouse</td>
<td>Former Mayor</td>
<td>City of Prince George</td>
</tr>
<tr>
<td>Tammy Campbell</td>
<td>Research &amp; Communications Manager</td>
<td>Prince George Region Economic Development Corporation</td>
</tr>
<tr>
<td>Doug Coletti</td>
<td>Managing Partner</td>
<td>Northern Computer</td>
</tr>
<tr>
<td>Wayne Jenkins</td>
<td>Real Estate Broker</td>
<td>Re/max Centre City Realty</td>
</tr>
<tr>
<td>Kerry Pateman</td>
<td>Senior Planner</td>
<td>City of Prince George</td>
</tr>
<tr>
<td>Sherry Sethen</td>
<td>Manager</td>
<td>Chamber of Commerce</td>
</tr>
<tr>
<td>Tom Steadman</td>
<td>Franchise Dealer</td>
<td>Canadian Tire Corporation</td>
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From these interviews and additional information collected, the impacts in Prince George are compared and contrasted to the findings of the literature review as presented in section 4.2.7, Impact Summary Tables. Accordingly, the discussion focuses on economic, environmental, employment, aesthetic, social and planning impacts.
5.1.3.1 Economic Impacts

Price/Costco's aggressive pricing strategy attracts many visitors to Prince George and, in turn, generates increased traffic for most other retailers. In response to Price/Costco's appearance in the local market, traditional retailers have adopted a diverse range of mechanisms to deal with the megastore.

Downtown Prince George has been largely overlooked by megastores to date given the lack of both large parcel sites and highway exposure.

While there is a large amount of leakage from outlying communities into Prince George, this leakage also takes the shape of Canadian dollars making their way from British Columbia's northern interior to Price/Costco's headquarters in Kirkland, Washington. As national leakage was not mentioned by any interviewees, this issue will not be discussed further.

5.1.3.1.1 Pricing Strategy

By bringing brand name items at reasonable prices into the Prince George market, Price/Costco has created keen competition among retailers for the consumer's disposable income. When Price/Costco first opened its doors in August 1993, many retailers experienced a dramatic decline in sales. Tom Steadman of Canadian Tire called this the 'gee whiz' period as the megastore novelty caught on with the consumer. During this initial twelve week period, many retailers strove to compete with the megastore on pricing. Stores that marketed many overlapping goods with the
megastore product lines, experienced the sharpest decline in sales. Steadman notes that two large grocery store chains, Safeway and Overwaitea, each experienced sales reductions of 20 to 30 percent in that initial period. While these and other stores have since clawed back a portion of the lost market share, through reduced pricing and other strategies, the megastore continues to dominate the market with respect to overall pricing.

The competition has proven to be generally good for the consumer. As discussed in the literature, disciplined shoppers tend to shop at both Price/Costco and traditional retailers to take advantage of any cost savings. On the other hand, unwary consumers may pay more for a product at Price/Costco if they shop with the assumption that the megastore always has the cheapest price. With the prospect of more megastores descending on the Prince George market, consumers may see additional shakeups on pricing.

While prices have since stabilized in the Prince George market, Price/Costco continues to be a dominant player in the pricing game as evidenced by the wholesale role it fulfills for other businesses and the drawing power it has over consumers in outlying communities.

5.1.3.1.2 How Other Retailers Fare

As the findings in the literature indicate, megastores can both help and hinder other retail establishments. Price/Costco in Prince George offers this same scenario. Retailers with a similar product line to Price/Costco's have experienced a blow by the megastore. As discussed in the preceding section, both Safeway and Overwaitea experienced sales reductions of 20 to 30 per-
cent in the initial period after Price/Costco's opening. On the other hand, businesses that offer
different goods or services than Price/Costco have benefitted from the spinoff traffic that the
megastore generates. Tom Steadman of Canadian Tire estimates that Price/Costco expanded
Prince George's trading area of regular customers by eighty to one hundred and twenty kilome-
tres. Tourist, entertainment and service industries along with specialized commercial businesses
have all prospered as more people come to shop in Prince George than in the pre-Price/Costco era.

Leakage from Prince George to centres such as Edmonton and Vancouver has been drasti-
cally reduced given the city's growing complement of retail and service establishments. Some of
the growth in these other sectors is attributable to the Price/Costco drawing power that generates
the required critical mass of consumers.

Amidst traditional retailers' diverse concerns over the entry of Price/Costco into the Prince
George market is one common denominator -- change. Retailers have dealt with this shifting
marketplace in a variety of ways. Grocery stores have lowered prices on basic items, expanded their
bulk food section, and modified the in-store display practices. With a 'back to its roots' strategy,
the local Canadian Tire converted seventy-five hundred square feet of warehouse into an impres-
sive automotive parts and accessory department. Doug Coletti of Northern Computer has noted
that several retailers have upgraded their fixtures while Coletti's own strategy is to focus on
improved customer service. Additional strategies employed by Prince George's traditional retail-
ers include the offering of high quality, unique name brands; carrying a greater variety of products;
and providing extensive guarantees.

Leakage from other northern interior communities such as Vanderhoof, Burns Lake, Hou-
ston, Smithers, McBride, Mackenzie, and Quesnel into Prince George is remarkably high. Price/Costco draws consumers to Prince George much like a tourist attraction would. This trend is also noted in Professor Stone's research for Iowa discussed in section 4.2.1.2. In that research, it was found that consumers will travel additional distances to shop at a megastore for the real or perceived cost savings offered. Professor Stone determined that the relationship between leakage and the distance to a megastore is inversely proportional. No research has been conducted into the specific amount of leakage from northern interior communities to Prince George. Given the large distances between these outlying communities and the megastore host city, it is plausible that the literature findings of an inversely proportional relationship also apply in this case study.

5.1.3.1.3 Impact on Downtowns

Price/Costco chose to locate outside of Prince George's downtown given the lack of both adequate space for the big box format and highway exposure. The megastore's location has not attracted other downtown merchants to it though Zellers did relocate from the downtown to the city's largest shopping centre after Price/Costco entered the local market. The Brick furniture store presently occupies a portion of the vacant Zellers.

It is recognized that downtown merchants have spent many years diligently working towards the promotion of the core as a specialty shopping district. The merchants also work closely with the police force to combat the substance abuse and homelessness problems in the downtown that existed prior to Price/Costco's arrival. Downtown Prince George is relevant for its residents
as it houses many government offices, banking and insurance centres, medical clinics, and specialty stores.

5.1.3.1.4 Abandonment

It is difficult to foresee the closure of Price/Costco in Prince George based on its success. As the northern interior's population grows more consumers flock to the megastore. Tom Steadman of Canadian Tire was the only interviewee to consider abandonment by Price/Costco. Steadman queried what life would be like after the megastore phenomenon.

5.1.3.1.5 Tourism

The literature stated that megastores may be detrimental to a host community's tourist trade yet Price/Costco in Prince George does not turn off many tourists. In fact, the megastore is a boon to the city's tourist industry. Price/Costco is a shopping destination for many residents of British Columbia's northern interior. As these consumers come from great distances, a shopping trip to Prince George becomes a weekend getaway. Hotels, restaurants and gas stations reap the direct benefits from these visitors. The entertainment industry is also given a boost by the shoppers who may attend a hockey game, or live theatre and concert events.

Tom Steadman has measured the impact of this weekend shopping getaway at the Canadian Tire store. Steadman states that prior to Price/Costco's arrival, Sunday sales at Canadian Tire
were an 8 percent contributor to the total weekly sales. Since Price/Costco's opening, Sunday sales now average 12 percent of total weekly sales.

5.1.3.2 Environmental Impacts

Despite the increase in traffic the megastore development generates to and within Prince George, no environmental impacts were discussed by the interviewees. There is a direct correlation between the increase in automobile traffic and pollution. It should be noted that the Price/Costco site is not an Environmentally Sensitive Area.

5.1.3.2.1 Traffic Volumes

As testament to the increase in automobile traffic, road network improvements were required for the Price/Costco development. Price/Costco updated a traffic impact assessment that had been completed for the site's earlier shopping centre proposal in 1982. It was determined that deceleration, merge and left turn storage lanes were required at the primary intersection for the development. Price/Costco provided the funding for these improvements. The high volume of traffic in the vicinity of the megastore development can be expected to more rapidly deteriorate both these improvements and the existing infrastructure.
5.1.3.2.2 Pollution

The increased automobile traffic within the city exacerbates seasonally low air quality ratings. In late winter and early spring, temperature inversions lead provincial agencies to often note that Prince George's air quality index is poor. These inversions trap automobile exhaust along with residential wood smoke and airborne byproducts of two large pulp mills. Flushing of the air is complicated by the 'bowl' topography in which Prince George is centred.

On-site pollution may stem from the megastore's expansive parking lot. In its support for the Price/Costco application, the Prince George Advisory Planning Commission complimented Price/Costco for the provision of "ample parking for their customers" (APC January 26, 1993). At this point no research has been conducted by any agency to ascertain runoff pollutants.

5.1.3.3 Employment Impacts

Employment impacts of megastore development in Prince George have been positive in contrast to literature findings. While Price/Costco does not offer high wages, employment levels in the city benefit from the drawing power of a megastore.

5.1.3.3.1 Net Job Impact

The Price/Costco development did not displace any employment given that the site was
vacant at the time of development and had been so for many years. Instead, the net job impact of the megastore has been positive. As discussed in section 5.1.3.1, Economic Impacts, the megastore draws in consumers from a large geographic area. Both Doug Coletti of Northern Computer and Tom Steadman of Canadian Tire find that the megastore has widened their stores’ market base considerably. Consumers who travel to Prince George look for specialty goods (e.g., computers, auto accessories, health foods) and large ticket items (e.g., automobiles, furniture).

With an increased number of shopping trips to Prince George from outlying areas, there is other spinoff employment created. As former Mayor Backhouse notes, people will come from many places throughout northern British Columbia to Prince George for a mini-vacation combined with a shopping excursion. Besides other retailers benefitting, sporting events, live theatre, symphony, restaurants, gas stations, pubs and hotels may also realize profits and require additional staff. Speaking from a real estate perspective, Wayne Jenkins states that there is an urgent need for more hotels and motels as these are extremely busy during weekends.

5.1.3.3.2 Wages and Employment Type

As found in the literature, wages are generally low at Prince George’s megastores. Wayne Jenkins of Re/max reflects this fact indirectly by noting that megastore employees moving to Prince George are often looking for ‘entry-level’ housing.
5.1.3.4 Aesthetic Impacts

Passing mention was made by interviewees concerning the aesthetic impacts of megastore development in Prince George. Architecture, heritage and tourism issues are not discussed given the absence of input from interviewees on these topics.

5.1.3.4.1 Downtowns

Downtown merchants try to thwart the image of the core as being a place for alcoholics and homelessness. To their credit, recent improvement schemes have paid off as the downtown continues to have relevancy for the residents of Prince George. The downtown contains many government offices, banking centres, insurance brokers, medical clinics, restaurants, cafes, specialty stores, a pharmacy, and a hardware store.

Zellers was located in the downtown core until its recent move to the city’s largest shopping centre. A portion of the empty Zellers is currently occupied by the Brick furniture store. Tom Steadman of Canadian Tire thinks megastores coming to Prince George should locate in the downtown but recognizes the prohibitive parking, traffic, and land costs associated with this location. Tammy Campbell of the Region Development Corporation says that megastores not only need more space than what the downtown can provide, but also prefer to locate in the vicinity of other megastores.
5.1.3.4.2 Abandonment

Tom Steadman of Canadian Tire was the only interviewee to ponder the longevity of the megastore phenomenon. Steadman had only the following questions and no solutions to offer: “Does the physical format of megastores allow them to adapt to changes in the retail marketplace?” “What does a community do with a big hulk of a building if the megastore pulls out of Prince George?” “What is life like after megastores?”

5.1.3.5 Social Impacts

Megastores in Prince George are viewed as part of the maturation process for the city. There is a sense that with University of Northern British Columbia (opened officially in August 1994), a new civic centre, a live theatre expansion, and healthy employment levels, it is natural for the retail industry to follow the progress.

With respect to social impacts, the interviewees agree that the perception of community for both residents and visitors is changing. On the other hand, the interviewees held differing points of view regarding retail sterility.

5.1.3.5.1 Perception of Community Altered

In support of the coming of age theory, Wayne Jenkins of Re/max Centre City Realty states
“…things are changing in the North of BC.” This change includes the perception of Prince George by its citizens and visitors to the city. Former Mayor Backhouse sees retail expansion in the form of megastores to be a double-edged sword: citizens of and shopping visitors to Prince George welcome the variety and opportunity for lower prices while residents in other communities, particularly merchants and the elected officials whom they pressure, view the megastore debut in Prince George as intrusive and unwelcome.

Beyond the impressionistic, megastore development in Prince George represents automobile dependence. Those without automobiles in Prince George may find the infrequent bus service awkward and inconvenient.

A factor not discussed in the literature is revealed in Prince George. Tammy Campbell of the Prince George Region Development Corporation points out that much of the developable land for megastores is owned by the city. The city leases out this land to companies who provide recreational activities. When this land is sold to megastore corporations, there is a loss in recreational opportunities for residents. A prime example is the Real Canadian Superstore where the 9.86 acre site was formerly leased by the Prince George Auto Racing Association (PGARA). PGARA relocated to a site several kilometres east of town in a semi-rural area. In the same area as the Price/Costco and the Real Canadian Superstore developments, the city currently leases out a parcel for a golf course and driving range. The lack of attractive commercial land with highway exposure makes this recreational property prime for further additional megastore development.

In the future, residents of Prince George may see additional recreation sites developed in semi-rural and rural areas to the detriment of those without automobiles.
5.1.3.5.2 Retail Sterility

The interviewees held contradictory perspectives regarding the potential for retail sterility in Prince George. Former Mayor Backhouse finds that megastores offer an 'amenity to the public' as they provide a wider range of retail opportunities to residents and those coming to shop in Prince George. There are several dissenting views from the Backhouse’s own. Tammy Campbell of the Region Development Corporation notes that while no large retailers have closed, unless there are changes, including lower prices and better service, survival in the marketplace will be tenuous. Campbell states that with retail evolution, boutiques will fare well. Campbell’s thoughts are echoed by local merchant, Adelle Garber. In a CBC radio interview, Garber sees a polarized retail future where megastores and specialty stores fulfill consumer demand.

5.1.3.6 Planning Impacts

Interviewees made little direct reference to the planning impacts of megastore development. The use of industrial lands was not an issue for the Price/Costco project as the site is located in a highway commercial area and was designated for a community shopping centre. Accordingly, issues that would relate to the loss and erosion of the city’s industrial land base, windfall profits for developers through rezoning, inequitable development costs for retailers; and tax revenues for the city were not discussed by any interviewees. Similarly, infrastructure to service the development was not considered by the interviewees. Land use issues were discussed indirectly by several
interviewees. These comments vis a vis planning principles will now be discussed.

5.1.3.6.1 Planning Principles

If megastores “fly in the face of most current urban planning principles,” Price/Costco is no exception (Seelig, unpublished, 1). Doug Coletti expressed the sentiment that, prior to the arrival of Price/Costco, Prince George had been “kept behind the times too long.” Tom Steadman echoed Coletti’s perspective on the under-retailed city by stating that there had previously been an environment of retail “protectionism.”

When the city decided to act, it pursued megastores. Former Mayor Backhouse states that the city had to encourage Price/Costco to come by “demonstrating the advantages to them.” Since attracting Price/Costco, Backhouse notes that more private development wants to come to Prince George but is constrained by the lack of highway locations. To this end, realtor Wayne Jenkins believes the city should free-up some of its own land for additional retail development. Many city sites of a suitable size are accessible by automobile only or are being utilized for recreational purposes. To construct megastores on these sites creates jobs away from the core, generates increased automobile usage, and results in the loss of active recreation.

Tom Steadman of Canadian Tire suggested that megastores should locate downtown but recognizes that the traffic congestion and price of land are prohibitive.

City planners created a highway commercial zone and development permit area specifically for Price/Costco. The zoning and development permit area now apply to other sites, including the
Real Canadian Superstore location. These tools focus on the large expanses of walls and parking lots that are part of megastore developments. While the zoning and development perit area requirements do not promote sustainability, it is a small step towards ameliorating the planning impacts of megastores on a community.

5.1.4 CONCLUSION

The Prince George case study reads at times like the findings in the literature while at other times, is a unique, undocumented example of megastore development in an isolated community. For example, the megastore’s pricing strategy, impact on other retailers, environmental impacts, wage rates, perception it creates for residents, and repression of planning principles that were delineated in the literature can be found in this case study.

Prince George differs from the literature findings though when issues surrounding the drawing power of Price/Costco are examined. Given the distances between communities in British Columbia’s northern interior, shopping trips to Prince George from outlying communities become a weekend getaway. These visits are a boon to other retailers and the tourist and entertainment industries. The high volume of shopping visitors results in job creation for the city’s residents.

Other issues are difficult to compare and contrast to the literature as interviewees did not discuss them. Issues not discussed include national leakage, architecture, heritage conservation, use of industrial lands, and infrastructural requirements.

Price/Costco has not been in Prince George long enough to determine the impacts of some
issues such as retail sterility, downtown desolation and abandonment.

What can be determined is that Prince George is now open for business. It is anticipated that more new format retailing will arrive in the near future. As Sherry Sethen of the Chamber of Commerce describes it, "it is [additional megastores are] being aggressively pursued by people with the authority to do so."

5.2 COUR TENAY: GROWTH AND THE BIG YELLOW BOX

5.2.1 INTRODUCTION

The Real Canadian Superstore's debut in Courtenay in May 1993 represented the first Superstore on Vancouver Island. This arrival is hardly surprising given the phenomenal population explosion in the Comox Valley, of which the City of Courtenay is a part. Comox Valley is the estimated home to 66,000 people (B.C. Stats 1996) of which approximately 30 percent live in Courtenay. Of British Columbian municipalities with populations greater than 10,000, Courtenay has held the distinction of being the fastest growing community from 1991 to 1996. Between 1993 and 1994 alone, the city's growth rate was 13.9 percent.

The additional population base for Superstore comes to Courtenay from 'up-island' centres including Campbell River, Port McNeill, and Port Hardy, and west coast communities such as Gold River, Tahsis, and Zeballos.
Superstore not only draws consumers into the host community, but it has also stemmed the flow of consumer traffic from Courtenay to Nanaimo. Nanaimo, with its Price/Costco and Future Shop and full complement of other retail opportunities, generates considerable attention. Many residents of Courtenay still travel to Nanaimo for big ticket items, such as automobiles or home renovation supplies, but with Superstore in town, most grocery and seasonal items are purchased locally.

5.2.2 Background

Development of Superstore was a simple affair. The vacant site was utilized for crops but was designated and zoned for large scale retail use. Accordingly, no public meetings or input was required much to the surprise of project opponents.

5.2.3 Impacts for Courtenay

Impacts of megastore development in Courtenay have been determined from interviews with the following:

Blaine Douglas  Owner  Rickson’s Menswear Ltd.
Marty Douglas  Real Estate Broker  Realty World - Coast Country Realty
Rob Green  Assistant Manager  Thrifty’s Foods
Bert Heeringa  Franchise Dealer  Canadian Tire Corporation
Norman McLaren  Economic Development Officer  Comox Valley Economic Development Society
From these interviews and additional information collected, the impacts of Superstore in Courtenay are compared and contrasted to the findings of the literature review as presented in section 4.2.7, Impact Summary Tables. Accordingly, the discussion centres on economic, environmental, employment, aesthetic, social, and planning impacts.

5.2.3.1 Economic Impacts

In the megastore tradition, Superstore provides low prices for the consumer. The growing population base couple with strategies taken by other retailers and the growing population base serve to dilute the potentially devastating economic impacts of a megastore. With a fledgling downtown Business Improvement Association (BIA), Superstore may even be viewed by some as a positive impetus for change.

While Superstore regularly attracts out-of-town consumers, it cannot be overlooked that profits leave Comox Valley for the Superstore’s head office in Vancouver, BC.

As interviewees did not provide input on tourism or abandonment, these issues will not be discussed.
5.2.3.1.1 Pricing Strategy

Superstore advertises a ‘permanent discount’ pricing policy and adjusts prices continually to beat competitor’s advertised specials. Additionally, Superstore has weekly loss leaders to entice consumers into the store. While these strategies appear to be beneficial for the consumer, some would argue that the consumer does not always do well financially to shop at Superstore. Rob Green of Thrifty’s Foods describes the Superstore’s strategy as ‘gimmick pricing’. For example, one item may cost one dollar, but to purchase two of the same product may cost more or less than two dollars depending on the product. Furthermore, if two items are required to obtain the better price, consumers cannot select from the variety offered in a product line, for example, differing flavours of pasta sauce, and expect to purchase the items for the sale price.

As found in the literature, a price conscious consumer can shave money from the weekly grocery budget by shopping at both the megastore and traditional retailers.

5.2.3.1.2 How Other Retailers Fare

There is general consensus from most interviewees that the fear inspired by the megastore has not been justified for three reasons. Firstly, Superstore draws additional customer traffic into Courtenay from centres north and west of the city. While in Courtenay, these people will shop at other retail establishments, buy gas, and perhaps dine out. Secondly, the growing population in the Comox Valley may mask the impact of lost revenue to the megastore by creating an expanded
customer base. Thirdly, leakage from Courtenay to Nanaimo has decreased which results in more local shopping overall by area residents.

Despite these victories, Superstore still poses a serious concern for other retailers, particularly grocery stores. According to Rob Green of Thrifty's foods, Superstore has captured 38 percent of the grocery business in the Valley. This leaves the other grocers, Super Valu, Overwaitea, Safeway, and Thrifty's Foods, with even smaller pieces of the food industry pie.

In response to Superstore, Rob Green at Thrifty's Foods finds it useful to watch margins on key brand name products such as toilet paper, paper towels, diapers, and peanut butter. Green strives to make Thrifty's a friendly, well-staffed, neighbourhood grocery store. Lastly, Thrifty's offers customers a nickel for each grocery bag they bring in and use, an interesting twist that flouts the Superstore's bothersome policy of charging the customer for grocery bags.

Superstore impacts a broad base of traditional retailers as it cashes in on what Judy Osborne of Whale's Tale Toys describes as 'gravy' items that other retailers may carry on a year-round, long term basis. 'Gravy' items include barbeques, garden tools, and seasonal children's toys to name but a few. Traditional retailers have developed strategies to combat Superstore's aggressive pricing policy and overlapping 'gravy' product lines. Bert Heeringa of Canadian Tire has adjusted his product mix, caters increasingly to the needs of rural residents and farmers, and has implemented a computerized ordering system. Blaine Douglas of Rickson's Menswear sends advance sales fliers to customers and remembers their birthdays with a card and coupon for a pair of free socks.
5.2.3.1.3 Impact on Downtowns

Mayor Webber recognized that in 1993 there was "a fear that Superstore would close main street" and states emphatically today that "that just did not happen." Instead, downtown Courtenay is evolving into a specialty store area with a fledgling BIA. The specialty stores occupy once large retail spaces that have been converted into smaller units. The BIA is intent to work on promotional events, street scheme improvement projects, and downtown parking issues.

While the downtown is evolving, so is the rest of Courtenay's commercial sector. Realtor, Marty Douglas, notes that Superstore has attracted new commercial ventures such as gas stations, automobile repair shops, and fast food restaurants to its location. The majority of these new businesses are locating in small strip malls.

5.2.3.1.4 Leakage

Only Susanne Theurer, former planner with the City of Courtenay, discussed leakage beyond a Vancouver Island level. As Superstore is a Canadian company based in Vancouver, leakage is not national but occurs within the same province. Theurer stated that it was unfortunate that Superstore attracts money into the Comox Valley yet this money quickly leaves for Vancouver. Little spin-off and no reinvestment is done by Superstore in Courtenay.
5.2.3.2 Environmental Impacts

Courtenay, unlike Prince George, is a place where environmental issues are a predominant concern among many area residents. Environmental impacts associated with Superstore reflect much of what the literature describes. In Courtenay, traffic volumes, pollution, and locational decisions vis a vis agricultural land were all hot topics when Superstore began construction.

5.2.3.2.1 Traffic Volumes

Situated en route to CFB Comox, North Island Community College, a popular golf course, and several new subdivisions of high priced homes, Superstore compounded an already clogged major transportation arterial. Apart from activities located beyond Superstore, the megastore shopper has to cross one of two small bridges along winding roads to arrive at the site. Former planner, Susanne Theurer, and realtor, Marty Douglas, concur that traffic is a major issue.

Based on a 1992 report commissioned by Westfair Properties Limited (parent company of the Real Canadian Superstore), it was determined that additional turn lanes, through lanes and signals would be required to accommodate the megastore. Theurer reported that Superstore reluctantly contributed $600,000 to $700,000 for these improvements.

Growth in the Comox Valley continues to add pressure to the transportation network. The intersection closest to the Superstore's main entrance is a major bottleneck even with the required improvements completed.
5.2.3.2.2 Pollution

The traffic volume Superstore generates contributes to an increase in air pollution from automobile exhaust. Runoff from the expansive parking lot built to service the megastore is laden with automobile oils and rubber particles. Interestingly, Mayor Webber states that the megastore is a "clean industry which is better than one can say for a pulp mill."

On a positive note, Theurer suggested that Superstore encourages bulk purchasing which may save on the amount of packaging that ends up at the local landfill site.

5.2.3.2.3 Environmentally Sensitive Areas

The Superstore site is not a designated Environmentally Sensitive Area. Although the site was previously farmed, it was not included in the provincial Agricultural Land Reserve (ALR). Given adjacent land that is in the ALR, Theurer indicated that there was a public perception that the Superstore site was a continuation of that farm and carried with it the ALR designation. When people realized the site was not in the ALR, there was a public outcry to preserve the site as a trumpeter swan sanctuary as these birds wintered on the vacant site each year to feed on the chaff. The loss of this habitat has been viewed negatively by the large environmental contingent in the Comox Valley.
5.2.3.3 Employment Impacts

Superstore did not displace jobs with its arrival but rather provides many low paying, part time jobs.

5.2.3.3.1 Net Job Impact

Superstore located on a vacant site, displacing no employment. Norman McLaren of the Comox Valley Development Society reports that the megastore is the Valley's fifth largest employer with approximately three hundred employees on staff.

To date there has been no rationalization by or closure of traditional retail establishments associated with the Superstore.

5.2.3.3.2 Wages and Employment Type

As with all megastores, Superstore offers low pay for primarily part time work. Blaine Douglas of Rickson's Menswear believes Superstore employees are not treated fairly and that to do well, retailers need long term staff who are paid a reasonable wage. Realtor, Marty Douglas, appropriately sums up the employment impact by describing the Superstore as a creator of 'McJobs.'
5.2.3.4 Aesthetic Impacts

In discussing the aesthetic impacts of Superstore, respondents focussed on the architecture, or lack of it, to the exclusion of other issues described by the literature such as downtowns, heritage structures, tourism, and abandonment.

5.2.3.4.1 The Architecture

Six of the eight interviewees described Superstore as an eyesore. Bert Heeringa of Canadian Tire, Blaine Douglas of Rickson's Menswear and Susanne Theurer, former planner, all maintain that City Council should have been more stringent with Superstore by invoking development permit area requirements.

In response to the Superstore's 102,000 square foot, one storey intrusive format, Council did change the zoning bylaw to restrict the footprint of future megastore developments to fifty thousand square feet.

5.2.3.5 Social Impacts

As the population of the Comox Valley increases, there is a growing sense of an erosion in the qualities that made the Valley special. One of these qualities that hangs in the balance is consumer loyalty. This loyalty stems in part from the responsiveness by traditional retailers to the
community’s needs.

Along with the population growth is an expansion of commercial activity to fill in retail and service sector gaps.

5.2.3.5.1 Perception of Community Altered

The healthy population growth rates in Courtenay have not gone unnoticed by market researchers and, in turn, new format retailers. Growth rates and resultant development, like Superstore, have changed the character of the Comox Valley. There are those who embrace Superstore for the competition it introduced while others will not shop there on the principle that megastores are eroding quality of life in the Valley.

Three interviewees attempted to explain the rationale behind the Superstore boycott. Blaine Douglas of Rickson’s Menswear notes that one prevailing sentiment sees Superstore as not putting anything back into the community which it takes quite a lot from. Bert Heeringa of Canadian Tire and Judy Osborne of Whale’s Tale Toys are more specific in their analysis. Heeringa states that many people view Superstore as unprincipled opportunists because it skims the seasonal, ‘gravy’ sales from traditional retailers. Osborne sees small town consumers as being generally more loyal because they know that it is the traditional retailer who supports community groups and activities.
5.2.3.5.2 Retail Sterility

Unlike the literature findings, Courtenay has not experienced retail sterility. Instead, the community is attracting additional retailers who fill in any gaps that existed. As explained in section 5.2.3.1.3, Downtowns, Courtenay’s main street offers a wide range of businesses including book, toy, fabric, fashion, music, sports jewelry, and kitchen and bath stores. The commercial area around Superstore has attracted fast food chains, auto repair shops, and gas stations that are all new to the city.

5.2.3.6 Planning Impacts

Similar to the Prince George case study, Courtenay interviewees did not discuss loss of industrial lands to Superstore as it choose to locate on vacant, agricultural land. Maintenance of infrastructure was not discussed either likely in view of the megastore’s relative newness. Planning principles were discussed directly by Susanne Theurer, former planner with the City of Courtenay.

5.2.3.6.1 Planning Principles

Theurer stated that council and senior staff formerly held the philosophy that it was wise to protect the downtown. The zoning and official community plan updates that permitted such large scale retailing as Superstore represented a change in that protectionist philosophy.
Having no requirement for rezoning or an official community plan amendment, Superstore was completed without any public input or meetings.

City Council was given a paper by staff which stated that development permits should be mandatory for the development. Theurer is convinced that development permits would have ameliorated some of the aesthetic concerns that Superstore created.

Since Superstore's completion, City Council has amended the zoning bylaw to permit retail structures with a maximum footprint of fifty thousand square feet. This amendment dictates that future developments will be two storeys in height as opposed to the more sprawling one storey format.

5.2.4 CONCLUSION

The Courtenay case study closely parallels the experience of megastore host communities that are documented in the literature. For example, Courtenay echoed the literature findings on issues relating to the megastore’s pricing strategy, impact on other retailers, leakage, environmental impacts, employment type, architecture, perception it creates for residents and abdication of planning principles.

Courtenay differs from the literature findings on several issues. Primarily, Courtenay's population growth has attracted more businesses to the Comox Valley, stemming any possibility for retail sterility. This enhanced commercial activity has added to the downtown retail comple-
ment and has been an impetus for constructive downtown change. Additionally, Courtenay's megastore did not displace employment as the site was vacant.

As in the Prince George case study, some issues are difficult to compare and contrast to the literature as interviewees did not discuss them. Issues not discussed include downtown decay, tourism, heritage structures, maintenance of infrastructure and abandonment. This last issue, abandonment, is difficult to consider given the popularity of Superstore with many Valley residents and those it draws into Courtenay from other centres.

From this research, it can be concluded that Courtenay's staggering growth rate has helped to alleviate potentially detrimental impacts of the megastore as it supplies more consumers to the retail sector. These additional consumers have also attracted more businesses to the Comox Valley, filling in any previous retail gaps. Leakage from the community has slowed as the local retail picture expands.

As to the future of Courtenay's retail sector, interviewees were of divided opinions. Mayor Webber believes that once the Island Highway is completed, retail giants will be reluctant to enter the Courtenay market as Nanaimo will then be only a half hour drive south. Rob Green of Thrifty's Foods predicts Courtenay will not see further megastore expansion for a different reason. Green suggests that the downturn in the economy will keep megastores not only from locating in Courtenay, but also from other centres across Canada. Realtor, Marty Douglas, indicates that Courtenay will undoubtedly attract another megastore based on the city's population growth rate. Douglas accurately summarizes, "[o]nce the population ticks over that magic number, they will be here."
CHAPTER 6.0

CONCLUSIONS

Existing and potential impacts of megastore developments, as identified in this research, point to the fact that new format retailing will consume a considerable amount of time for planners and decision-makers in the years to come. Specifically, this research indicates that the negative impacts of megastore developments outweigh their benefits. This finding suggests that there will be controversy between the proponents and opponents of existing and future megastore developments.

Given that planners are trained to research and analyze land use planning matters, they have a responsibility to the communities in which they work to bring this expert perspective to the megastore debate and play a lead role in thoroughly evaluating megastore proposals.

To fully alert decision-makers to the range of impacts, both positive and negative, and the short and long term implications of these impacts, British Columbian planners must conduct megastore research that is focussed specifically on British Columbia's municipalities. There are two primary reasons why this focussed research is necessary. Firstly, megastore have a short history in British Columbia, making it difficult to determine if they are good or bad for our communities. This lack of history was made clear in the application of the literature findings for
both British Columbian case studies as several key issues, such as abandonment by the megastore, were found to be inapplicable. Further British Columbian focussed research would make the identification and quantification of megastore impacts more accurate over time.

Secondly, attempts to apply existing research to British Columbian situations is difficult. Coverage tends to centre on and sensationalize the negative impacts of megastore development with little reference being made to the benefits. American case studies focus on either large metropolitan areas or small communities with a trade area population of 5,000 to 20,000 people. These case studies do not adequately discuss potential impacts for medium sized communities, such as Nanaimo, Kelowna, and Kamloops. These medium sized communities are the target of megastore expansion in British Columbia. Little existing research has been written for planners and, more particularly, British Columbian planners. Accordingly, megastores vis a vis British Columbian procedures and requirements as outlined in the Municipal Act and other acts are not considered.

In an ideal environment, planning departments would analyze their community’s strengths, weaknesses, opportunities and threats. Planning departments would collect data that:

- indicates consumer opportunities (price surveys, location of essential services, accessibility to major centres);
- describes market characteristics (catchment area characteristics, areas of over and under provision);
- delineates physical distribution networks;
- appraises trading characteristics (identify areas of growth and decline by type of retailers and square footage, sectoral trading strengths);
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- Evaluates employment and business conditions (employment shifts, training requirements, rents, trade regulations);
- Monitors environmental conditions;
- Identifies consumers in need (the disabled, elderly, minorities); and
- Describes the retail and commercial areas (classification, size, ownership)

(Davies 1984, 122-24).

In some municipalities, data collection on these indicators does occur but the information is often not related back to an overall retail policy.

If municipalities do not have the resources to conduct this intensive research, at the very least, municipally collected data provided by megastores, as requested by the municipality, must be presented to decision-makers and the public in an understandable manner. For example, it is simple to relay quantitative data about the megastore development to decision-makers and the public on items such as leakage stopped by hosting a megastore or the number of automobile trips generated per day. Planners must begin to translate what these additional automobile trips represent to the municipality's infrastructure in terms of deterioration rates, and maintenance and replacement costs.

Taking the qualification of data further, planners must begin to interpret what a megastore proposal will represent to quality of life or 'soft' issues. It is often these 'soft' impacts that are not fully understood by the decision-makers and the public. It is the role of the planner to make these hidden costs of megastore developments public.

In the final analysis, the planner must recommend an outcome that balances the positive
impacts of the megastore proposal for one group in a community against what may be negative results for the community as a whole. If the planner does not take this responsibility, it is unlikely that decisions will be based on the complete picture of both negative and positive impacts.

Finally, British Columbian planners must begin to write down what their experiences and findings are from exposure to the new format retailers. There is little literature available for the planner from a general planning perspective. Much of the literature assumes a bias either in favour of or opposed to megastore development, provides an American perspective, or is written for non-planners. While any information available certainly augments the planner's knowledge base, the lack of Canadian focussed, planning related material on megastores is problematic. As more British Columbian municipalities are inundated with megastore proposals, it is anticipated that British Columbian planners will record their experiences for others to learn from.
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