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SECTION: LOCAL; Pg. B03**LENGTH:** 1114 words**HEADLINE:** **Big-box store worries** local businesses;
FUTURE: Mom and pop storeowners are getting ready for a Wal-Mart proposed for Beaumont.**BYLINE:** STEVE MOORE; THE PRESS-ENTERPRISE**BODY:**

Bud Mathewson survived the Great Depression and hard times in downtown Banning. But the possibility of Wal-Mart coming to the San Geronio Pass worries him.

On Tuesday, the Beaumont Planning Commission will hold a hearing at 6 p.m. at the Civic Center, 550 E. Sixth St. on a 152,000-square-foot Wal-Mart planned south of Interstate 10, near Wyle Laboratories.

Now Mathewson and other small-business owners who struggle to make a living are fretting as they peer over the tops of their cash registers and see Wal-Mart on the horizon. There have also been battles between the department store chain and citizens groups and organized labor across the Inland region.

In Moreno Valley, a court hearing is set for Monday on a lawsuit by a citizens group claiming developers and city officials failed to comply with state environmental laws in approving a Wal-Mart last November.

There have been protests in Hemet and Temecula by residents who say they don't want the stores in their neighborhoods.

MOM AND POP STORES

Mathewson, 81, leans on a waist-high, solid glass case inside his neighborhood department store along Ramsey Street in Banning. He waits for the sound of a front door buzzer signaling the arrival of a customer.

But it's quiet these days at Mathewson's Department Store in downtown Banning, where merchants come and go. With few customers, he sells on e-Bay to make ends meet.

"I'm a survivor," he says, recalling how he grew up poor in Oklahoma during the Depression. "I know how to eat beans and cornbread or whatever you have to."

But the prospect of Wal-Mart coming to Beaumont worries him.

"I want to say it very openly, they're a dictator over private industry, Wal-Mart and the others," Mathewson said.

He remembers once looking down at a boy with tattered jeans and giving his mother credit on the spot so the boy could start school without being embarrassed.

"There's something Wal-Mart won't have the heart to do and don't misunderstand me I'm not bragging," he said.

Mathewson, who has run unsuccessfully for Congress more than a dozen times, is proud of an inventory collected here and there and displayed on a whim.

He's got 80 table lamps scooped up in Palm Springs sitting atop glass cases near a collection of gold watch bands on swivel racks.

Mathewson hoped artists would paint scenes on the lamp bases, but only a few are decorated. Shades are stacked in a nearby corner.

"People might find something here after looking everywhere else," Mathewson said.

The department store owner lives upstairs in a building that was paid off; it opened as a Buick dealership in 1922. He came to town in 1956 as a watchmaker/jeweler and opened his department store 15 years ago.

"It's going to be a tough, old struggle," Mathewson says, watching his one employee wait on a customer. "We have to do everything here."

SMALL STORES COMPETE

Wal-Mart officials and experts say the coming of the world's largest retailer with sales of \$ 244.5 billion in 2003 won't be the death knell of small business.

"There are hundreds of thousands of small businesses competing effectively with Wal-Mart throughout the United States," Pete Kanelos, a Wal-Mart community affairs manager, said by phone.

"We try to be the best company we can, but we can't do everything perfectly.

"Competition makes things better and in the end, benefits consumers."

Some are already planning on being Wal-Mart survivors.

Constantino's Date and Candy Shop has made hand-dipped candies since 1945, only a few doors down from Mathewson's Department Store. Dinah Shore and Bob Hope are among those who've stopped by for a treat.

"Wal-Mart will just be another competitor," said Rachael Constantino, who along with her husband, George, runs the store. Their son, John, makes the candy. "All the grocery stores have candy."

And while smaller stores can't compete "head-to-head" with Wal-Mart on prices, they may have other advantages like a better location or more selection of a certain item, Kanelos said. "We make every effort to be a good neighbor and part of the community," he added.

Patti Drusky, president/chief executive officer for the Hemet/San Jacinto Valley Chamber of Commerce, has given "Life after Wal-Mart" seminars in her role as a business champion. She's seen Wal-Mart come to town as a chamber executive in Cathedral City and Hemet.

"I've lived through it, it happens in every community that's growing," Drusky said. "You will survive, I know it's scary. But there's life after Wal-Mart."

Drusky said companies should build up their businesses and strengthen customer service and loyalty.

There's a flurry of interest when a Wal-Mart opens, but soon many shoppers return to their old habits, Drusky said.

"People like doing business with people they know, where it's convenient and they feel comfortable,"

Steven B. Frates, a senior fellow at the Rose Institute of State and Local Government at Claremont McKenna College, said small-town merchants facing a Wal-Mart have two choices: make their business as strong as possible or fight Wal-Mart and do their best to solicit support in near communities.

"Big box retailers have a very broad reach," Frates said by phone.

BIG MONEY

And those stores mean a huge sales tax bonanza for cities, he added.

A new Wal-Mart store means \$ 500,000 annually for Beaumont, officials estimate. That is enough money for almost eight police officers. Final approval of the Wal-Mart project rests with the City Council.

Store manager Marion "Ry" Rybacki at Love's Sporting Goods and Bicycle Shop on Sixth Street in Beaumont can't match Wal-Mart's prices. It has been a bike shop for more than 50 years.

Customers stepping inside the store quickly smell rubber from all the tires, see racks of bikes hanging from the walls, including \$ 500 mountain bikes with full suspension and Raleigh cruisers with their big padded seats and fenders front and rear.

"That's why they call us bike specialists," Rybacki says. "We know what pedal goes on what bike and which tube goes with which tire.

And while the shop might fix a few more bikes sold at Wal-Mart, Rybacki worries about its future in a very price-conscious world.

"They need a store like this even if the community is growing," he said, recalling the kids who pedal up just to talk or maybe have their handlebars tightened.

"You don't get that at a Wal-Mart."

NOTES:

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GRAPHIC: STAN LIM/THE PRESS-ENTERPRISE / Competition from Wal-Mart worries Bud Mathewson, owner of Mathewson's Department Store in Banning. "I want to say it very openly, they're a dictator over private industry," he says.; PHOTO ; MAP

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