

THE DAVID AND GOLIATH SYNDROME: INTRODUCING BIG BUSINESS INTO THE SMALL TOWN

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ABSTRACT The historic Village of Geneseo, home to the State University of New York at Geneseo and located in the Western Upstate Region of New York State, is the recipient of a newly proposed site for a Wal-Mart department store. Geneseo has a population of approximately 10,000 (residents and students included) and the location of the retail activities is divided between the Main Street area and an adjacent retail strip at the edge of the village.

Wal-Mart, a large multi-purpose department store, typically pinpoints small towns or villages in which to build stores, constructing on the outskirts of the community, attracting people from non-local areas, and ultimately increasing the size of the town. This paper is an analysis of a survey that was conducted to establish the possible impact a Wal-Mart would have on the geographic, economic, and cultural aspects of Geneseo. Primary questions asked include, 1) how do the businesses in both districts perceive the potential impact of the new Wal-Mart, and 2) why are there differences in perception. Overall, it was found that most businesses welcomed the increased economic activity a new Wal-Mart would create but expressed the greatest concern over non-economic issues.

INTRODUCTION

The town of Geneseo is located in the Central Western Tier of New York state approximately thirty miles south of Rochester, NY. It is home to one of the many divisions of the state university of New York, SUNY-Geneseo, and has a student population of 5,000. The village of Geneseo has a population of 5,000 residents and is a national landmark historical village.

The town has two major concentrations of businesses within its boundaries, and to the people of Geneseo and the surrounding area these two concentrations are: the "Main Street" area and Route 20A, or "the strip". Main Street businesses are located on the main thoroughfare of the town, in the heart of the historic section of the village. The 20A strip businesses are located along Route 20A which connects Geneseo to Interstate 390. A variety of retail establishments are represented between the two business districts of Geneseo. The larger stores which include a multi-purpose department store (Ames), a grocery store (Wegmans), and other shopping facilities are located along the 20A strip inside the village limits. Small, specialty retail facilities dominate the Main Street business district. Typically, Wal-Mart utilizes a locational strategy of establishing stores on the outskirts of small rural towns (residential population of less than 25,000).¹ The combination of low, discounted prices and multi-purpose inventory is enough to bring in customers from the surrounding small rural areas, competing with local town businesses, and thereby leading to possible conflict with the local business community.

SURVEY DESCRIPTION

The purpose of our survey was to determine if Geneseo businesses (both those located on Main Street and those located on the Route 20A strip) perceived the incoming Wal-Mart store favorably or unfavorably, why the perceptions differed, and the potential repercussions associated with a new competitive force. From a geographical standpoint we also wanted to discover differences in opinions and attitudes for businesses located on Main Street versus those located on Route 20A.

Our initial hypothesis was that we expected to find that the Route 20A strip businesses would be in favor of the Wal-Mart, due to the increased number of non-local customers driving down Route 20A and stopping along the way. We predicted that the Main Street businesses would look upon the Wal-Mart negatively, due to price competition and volume sales that they would not be able to match, thereby losing customers to the bigger, cheaper department store.

The survey itself was designed to assess the statistical data acquired through both open-ended and close-ended questions asked of business managers and owners. Our sample included a total of 58 businesses (between Main Street and Route 20A) which comprised approximately 92% of the business community of Geneseo. Main Street businesses accounted for 67.2% of the

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businesses surveyed, while the Route 20A strip businesses accounted for the remaining 32.8% (these percentages were representative of the number of businesses in each district).

The focal points of the survey included;

1. The potential impact of Wal-Mart on individual businesses
2. Business owner opinions of how Wal-Mart will affect

Other issues that were surveyed with respect to potential impact include; age of businesses, types of retail businesses, perceived effect on sales to students, local residents and non-local residents, and predicted ultimate effects of Wal-Mart on individual businesses.

SURVEY RESULTS

Geographic Factors

The potential impact of Wal-Mart on the businesses of Main Street and Route 20A were collected through a question stated in this manner: Would a Wal-Mart; a) Help, b) Have no effect on, or c) Hurt your business? The results, shown in Figure 1, indicate that the impact would definitely depend on location, either on Main Street or on the Route 20A retail strip.

The Perceived Effect of a Wal-Mart on the Business Community of Geneseo

	Help	Hurt	No Effect	No Comment
Main Street	20.51%	15.38%	56.41%	7.69%
Route 20A	68.42%	15.79%	10.52%	5.26%

Directing ones attention to the largest representative sections within each location in the above figure it is possible to see that Main Street businesses differ with Route 20A businesses when asked what the potential impact would be if a Wal-Mart came to town.

The highest percentage of Main Street businesses stated that a Wal-Mart would generally produce no marked effects in the level of sales. For those businesses that admitted a potential impact on Main Street the percentages were fairly equal between those who thought it would help and those who thought it would hinder. This did not coincide with our hypothesis stating that Main Street businesses would most likely yield a negative reaction to the Wal-Mart. Most of the businesses on Main Street who answered that a Wal-Mart would have no effect on their own businesses listed as reasons the following; different products being sold, loyal customers, closer location to the SUNY-Geneseo campus, and different hours opened. All of these factors seemed to ensure that Main Street businesses would not suffer losses.

On the other hand, Route 20A businesses universally seemed to agree that the introduction of a Wal-Mart would definitely help their own businesses, with minor percentages reflecting a hurt or no effect opinion. This attitude seemed to reflect more accurately the hypothesis that we proposed for Route 20A. Increased non-local traffic was the chief reason behind the overwhelming positive reaction to the new Wal-Mart store.

For example, Ames, the large multi-purpose department store located on 20A, stated that it would welcome the new Wal-Mart because it would bring in a higher level of sales even though Wal-Mart sells the same types of merchandise and would be in direct competition with Ames.

Economic Factors

To enhance the data gathered on the potential impact a Wal-Mart would have on the business community, an open-ended question was asked referring to what effect the Wal-Mart would have on the community of Geneseo as a whole. The data was collected, interpreted and divided into positive and negative aspects according to business location.

Positive responses Overall, 53 positive responses were collected, 35 (66%) coming from the 20A businesses and 18 (34%) coming from the Main Street businesses (notice that this comprises a 2:1 ratio 20A to Main Street and that the business population sampled was just the opposite, 2:1 Main Street to 20A). They were further broken down into three positive sub-categories; increased traffic, increased competition, and healthier resultant economy.

Increased traffic, mostly from people coming from the areas surrounding Geneseo, is perceived as a positive economic factor because higher traffic levels lead to increased contact with customers therefore a higher level of consumption. Competition resulting in the lowering of prices by businesses in general will also be good for sales because of the increased number of people willing to frequent stores with lower prices.

Negative Responses Overall, 27 negative responses were collected, 20 coming from the Main Street businesses and 7 coming from the 20A businesses (notice again that Main Street's opinions were focused on the negative points). They were further broken down into three negative sub-categories; traffic problems, environmental degradation, and price competition.

Traffic, while a positive response, can also be a negative response due to the poor parking and road conditions in Geneseo. Increased traffic was cited with the potential to cause bumper-to-bumper traffic jams on 20A because of its one lane construction (although proposals are being considered to widen the streets). Environmental degradation will result due to the increased car emissions, sewage, and land displacement. Price competition is also a response which vacillates between positive and negative because while the prices will go down for some products it will go up for many more in the short term (e.g. gas, services, etc.).

Cultural Factors

Due to the historical nature of Geneseo a very big concern held by both citizens and local businesses was related to the potential disruption of the aesthetic and cultural attributes of the town. Environmental degradation, "unsightly" development, increased population, exploitation of town resources, changes in social structure, and the discouragement of historical preservation were the critical issues facing the town. As to be expected, Main Street expressed more concern over these issues than the already developed Route 20A. The added sewage from the Wal-Mart development, according to some businesses on Main Street, would over-burden the already strained waste facilities the village has. The same was said about the extra water Wal-Mart would take from the the village water supply. And finally, the loss of farm land to the development would decrease the value of residential land in Geneseo.

In summary, it was found that although the introduction of a Wal-Mart super store was welcomed by Geneseo's business community for the economic benefits it would generate, there were some fundamental differences of opinion as to the potential cultural degradation of the community. Therefore, being that even the business community was divided on the subject, it's not hard to establish the fact that the townspeople are also very divided on the topic of whether or not a Wal-Mart would benefit or subvert the town.

CONCLUSIONS

The late Sam Walton, founder of Wal-Mart, created a multi-million dollar industry based on his definition of quality and value. It was these qualities in the rural, small town setting that made Wal-Mart what it is today.

This study has argued that when a big business, such as Wal-Mart, establishes itself in a small town, such as Geneseo, there are an assemblage of economic and non-economic changes in the community as a whole. Whether the introduction of Wal-Mart in the historic town of Geneseo will cause Main Street businesses to suffer or 20A businesses to thrive is only one issue of many. The long term question is to maintain the health and well-being of the business community, that consumer opportunities in Geneseo remain open, and that input from the Geneseo residents are taken into consideration before decisions are set into motion.

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This study and studies like it have the potential for offering up information to other communities experiencing the same industrial development. Due to the common nature of small, rural communities like Geneseo what happens in Geneseo can be expected to likewise happen in other communities. Then and only then can the citizens decide, based on prior knowledge, what kind of development they want and how to manage it successfully.

In the realm of big business it can be said that economics is not the be all and end all of business, and in Geneseo this has certainly been the case. It has been found that in Geneseo there is a marked separation in locational retail activities, a divergence in opinions between the major business districts, a difference in concerns over non-economic issues, and discrepancies over the potential impact of a new competitive force. This results in a battle between citizens and businesses, between Main Street and 20A, between local businesses and foreign business intrusions, and between developers and preservationists.

REFERENCES

1. Daniels, Thomas L., and John W. Keller, 1991. "What Do You Do When Wal-Mart Comes to Town?", Small Town, Sept/Oct:14-18.