

Wal-Marting Wal-Mart

By [Steve Thorngate](#)

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This quote from a local news story [made the rounds on Facebook](#) recently:

Debra Jackson said she likes shopping at the Dollar Palace because it is convenient and casual.

"I don't have to get all dressed up like I'm going to Wal-Mart or something," she said.

Naturally, the Facebook commenters focus on mocking Jackson for suggesting that Wal-Mart has a dress code. (There's nothing as hilarious as the perspective of someone below you on the class scale!) But her comment points to an important trend: dollar stores have usurped much of Wal-Mart's appeal among low-income people.

With consumers focused on thrift, the Dollar Palace is to Wal-Mart what Wal-Mart once was to Sears: the bargain alternative for folks with less to spend. In response to the dollar-store boom, Wal-Mart recently started [experimenting](#) with "express" stores less than a tenth the size of a Wal-Mart Supercenter.

Liza Featherstone [observed](#) a while back that competition from dollar stores is one factor contributing to Wal-Mart's aggressive push to expand into northern cities, unions be damned:

With unemployment high, Wal-Mart's core customers have become simply too poor and too frugal to do much shopping. The retailer has been losing out to dollar stores, where one can make smaller purchases: The poor are becoming too poor to buy in bulk. As fuel costs become a daily nail-biter for so many, it's also important that the dollar stores are more easily reached on foot or by bus. . . Wal-Mart has saturated rural and suburban America. . . efforts to expand overseas haven't gone well, and. . . the company needs new markets. Urban America is the only place left for Wal-Mart to grow.

As Featherstone (and many others) point out, Wal-Mart has always positioned itself as a sort of anti-[Henry Ford](#): it sells stuff cheap and pays its army of employees poorly enough that they can't afford to shop anywhere else. But with dollar stores on the rise, this strategy is starting to look unsustainable.

Wal-Mart's new position as a step-up retailer for those with a little more cash on hand leads Featherstone to suggest that "Wal-Mart's interests [could] eventually align with labor." That's an intriguing thought, but in a climate in which it's hard to get *anyone* to speak an unqualified word in favor of union rights, I won't hold my breath. In the meantime, I won't lose any sleep over the fact that a pioneer of some truly ruthless business practices is seeing some of them backfire.