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Store loss a loss for town

Family Dollar says Hudson closing unrelated to distribution center

Paul Wyche | The Journal Gazette

Neighbors of a closing Family Dollar store near Ashley say the shuttering is curious considering that the company pumped millions into a local distribution center.

Family Dollar Stores Inc. announced last month that it would close about 370 underperforming stores as it tries to tackle slumping sales and earnings. The strategy also involves lowering prices to attract shoppers.

A store in Hudson, just outside Ashley, will close at the end of June, leaving up to 10 people out of work. Hudson has about 500 residents and just a handful of retail options.

"Just when we seem to be gaining a little momentum, something always seems to happen," said Marlene Smith, clerk-treasurer of Hudson. "A lot of people wondered why they were closing with the distribution center opening and all, but Dollar General is right next door to them."

Family Dollar spokeswoman Bryn Winburn said the company's decision to shutter the Hudson store has nothing to do with the distribution center, but she wouldn't comment more than that.

While the company regrets the closing, she said in an email, "we look forward to continuing to serve our customers across 221 stores in Indiana and at nearby locations in Angola and Butler."

Family Dollar isn't the only discount retailer with challenges. The sector is grappling with shoppers who can afford better – and those who can't.

Dollar General, the nation's largest dollar-store chain with about 11,100 locations, offered a discouraging profit outlook in March after reporting weak fourth-quarter sales.

And Dollar Tree, which operates nearly 5,000 locations, missed profit expectations for the holiday quarter in February.

But the Ashley area – where Family Dollar built a \$70 million distribution center two years ago – should fare well, right?

That's what resident Christina Gann thinks.

"There should be a store here," the 45-year-old Medtech College student said. "For a small town, this is a big deal. I would think they'd want to be part of the community and support it."



Village Foods in Ashley is one of the shopping alternatives for residents of the Ashley-Hudson area.



Michelle Davies | The Journal Gazette

The Family Dollar store in Hudson will close its doors at the end of June, one of about 370 closures the chain announced.



Gann said a Family Dollar store does more to promote goodwill than a distribution center because customers can forge a bond with retail clerks who are their neighbors.

McTevia

Turnaround expert Jim McTevia has spent 54 years consulting troubled companies, including various retailers.

He said folks in Hudson may feel slighted, but unfortunately, Main Street and Wall Street often run in different directions.

"I can see why residents would be peeved, because the distribution center has absolutely nothing to do with them on a daily basis," said McTevia, who is based in Bingham Farms, Michigan, about 20 miles northwest of Detroit.

"The fact of the matter is ... distribution centers are strategically located to help business," he said.

Besides Indiana, the Ashley distribution complex ships merchandise to stores in Ohio, Michigan, Illinois and Pennsylvania.

McTevia said while it would have been nice to maintain a retail presence in Hudson, the reality is that a store can't become a drag on business.

"Retailers are trying to increase revenues, decrease expenses or a combination of both," he said. "If a store isn't generating a good volume of business, it's just common sense that something will have to be done."

That's good enough for retiree David Brown. The 65-year-old Ashley resident said he shops at the Dollar General store, anyway.

"What is Family Dollar going to do?" he said. "If the store isn't making money, it's not making money. They did just invest millions at the distribution center."

True, but some residents think the retailer owes the community more, especially since it received \$3.8 million in incentives from the state and DeKalb and Steuben counties.

Ken McCrory, executive director of DeKalb County Economic Development Partnership Inc., disagrees.

"Family Dollar has met everything they were supposed to in order to receive those incentives as it relates to development and jobs," he said.

The distribution center employs more than 300 with a starting salary of \$12 an hour for many workers, while technical and management positions pay more.

"I know some people wondered about the store closing, but it was a business decision," McCrory said.

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The Associated Press contributed to this story.

At a glance

Family Dollar Stores Inc.

- Total retail stores – More than 8,100
- Employees – 55,000
- 2013 revenue – \$10.3 billion
- Stores, other operations opened in 2013 – 500, but 26 locations closed
- Stores expected to open in 2014 – 525, but 22 locations have closed so far

Source: Family Dollar and MarketWatch.com