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Home Depot courts city dwellers

New stores will have same name, product range, in half the size

By Lorrie Grant
USA TODAY

Home Depot, the sprawling home-improvement retailer of everything from duct tape to kitchen sinks, is thinking small.

It will open its first small-format store under the Home Depot name April 4 in the Mill Basin section of Brooklyn, N.Y.

"It's part of their growth strategy," says Peter Benedict at CIBC World Markets.

Another mini-store is planned for Staten Island in September and one in Chicago next year.

To fit into these urban locales, Atlanta-based Home Depot has developed a reconfigured format that's half or less of the size of its giant suburban boxes.

"Any densely populated market is now open to us," says spokes-

man John Simley. "These are forgotten markets or have been ignored for no good reason."

Brooklyn is the most populated of New York's five boroughs. The store there has 61,000 square feet, vs. the traditional store's average 116,000 square feet, plus a 28,000-square-foot outdoor garden center.

The smaller Home Depots will have the same prices and product mix, just not as much of each item. "The stores will contain the traditional 10 departments," Simley says — hardware, electrical, plumbing, paint, lawn and garden, storage and ready-to-assemble furniture, housewares and gifts, decorative bath lighting, and window and wall fashions.

Home Depot has experimented with small-format stores before. Four years ago, it tested Villager hardware stores in four New Jersey neighborhoods.

But creating a brand proved too much and those stores, which were 45,000 to 55,000 square feet, will be converted to the Home De-

pot brand.

Retail experts say the small format is a good initiative for Home Depot, because most community hardware stores have shut down. In most instances, the shops could not purchase goods as cheaply as larger stores and thus could not compete on retail price.

And with the revival of many downtown areas across the USA, the need for in-town hardware stores is growing.

"There's a trend toward rebuilding, refurbishing and attracting people to return to cities," says George Whalin at Retail Management Consultants.

For the smaller stores, Home Depot will make some additions to its product list to tap the convenience market that neighborhood hardware stores often served, carrying such items as cleaning supplies and small appliances.

Home Depot's foray into urban retail is being closely watched and could be a model for such other mass merchants as Wal-Mart.