

SCT SHOPPING CENTERS TODAY

- Features
- Center Stage
- The Common Area
- Retailing Today**
- Cupcake Wars
- CasaIdeas: Mi Casa Es Su Casa
- Red Wing Takes Flight
- Five & Dime: In The Footsteps Of Woolworth**
- Parasuco's Perfect Fit
- On The Ground
- Newsmakers
- Bottom Line

Shopping Centers Today -> Five & Dime: In The Footsteps Of Woolworth

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FIVE & DIME: IN THE FOOTSTEPS OF WOOLWORTH

By Dees Stribling



Five & Dime General Store proves that it is possible to operate a nostalgia concept and still be no mere throwback. Customers intrigued by the name will instead find a thoroughly modern merchandise mix —not quite like the stuff in a dollar store or a tourist or novelty shop, but containing elements of those.

The stores carry lots of what one might call "tourist essentials": postcards, locally themed souvenirs, camera batteries, T-shirts and other casual clothes, toiletries, over-the-counter medicines and the like. Beauty products, office supplies and hardware items are available too.

The nostalgia element is seen in certain wares, such as slingshots, rubber-band guns and other toys reminiscent of those that children played with decades ago, when F.W. Woolworth Co. (popularly called Woolworth's) was king of the five-and-dime. Indeed, Five & Dime General Store owes much to F.W. Woolworth, given that its first store opened on the site of a Woolworth's in Santa Fe, N.M., and that several of its managers worked for the venerable chain. Having a little fun with the connection, the Five & Dime parent company calls itself UTBW (used to be Woolworth's) LLC. F.W. Woolworth closed the Woolworth's stores in 1997.

Five & Dime General's five stores — the Santa Fe unit plus two in San Antonio and one each in San Diego and in Branson, Mo. — post about \$700 in sales per square foot each, on average. "We've been fine-tuning our merchandise since the day we opened the first store, looking for items with the highest gross margins, but also which our customer base responds to," said Mike Collins, UTBW's chief executive, who was the last manager of the Woolworth store in the heavily visited Santa Fe Plaza square. Collins teamed up with real estate lawyer Earl Potter and his wife, Deborah, to open the first Five & Dime General at that Woolworth's site.

"It was a very successful Woolworth's location, but the store generated 80 percent of its volume from 30 percent of its items," said Collins. "So to begin with, we focused on those better-selling items and then added more items to appeal to tourists."

The new formula worked at the Santa Fe store. Instead of taking over the entire Santa Fe Square site, the Five & Dime General occupied some 4,000 square feet, about a quarter of the former Woolworth's; this remains the stores' typical size. "We turned more profit in one-fourth of the space, paying three times as much rent as Woolworth's did," said Earl Potter, the company's chairman. "Because it had a national platform, Woolworth's wasn't able to focus locally, like we did."

Unlike the traditional dime stores, the Five & Dime General went floor to ceiling with its merchandise displays. It's not that customers are expected to reach all the way up to the top; the idea is mainly to impress them with the quantity and variety of the offerings.

After a few years, UTBW opened two stores in tourist-heavy areas of downtown San Antonio, Texas: one on the famed River Walk, and the other at Alamo Plaza.

Next the company opened a shop in Old Town Park, in San Diego, and one at the Branson (Mo.) Landing lifestyle center. The next is slated to open this month at Cannery Row, in Monterey, Calif.

Now Five & Dime is headed for national expansion, with aims to open about a half dozen company-owned stores per year over the next five years. Tourist areas will naturally play a big part in realizing these dreams, sources say. "To make a Five & Dime work, its location needs to have a minimum of 5 million visitors annually," said Monette Klein-O'Grady, a partner at Coconut Grove, Fla.-based Prime Sites, which is representing Five & Dime in the national rollout. "There are quite a few areas that fit our objectives, a lot of tourist markets around the country, and we're actively looking for space in those markets," she said. "In top-performing markets, we'll look at lifestyle center locations, but in most instances, street fronts will be the most viable option for the stores."

The next locations the company is eyeing are Charleston, S.C., Savannah, Ga., and St. Augustine, Fla., places that enjoy considerable tourism. "The areas we want all have a tourist trade that makes our numbers work," said Earl Potter. "By maximizing sales from every square inch of space, we'll be able to pay higher-than-average rent for these kinds of high-quality, high-traffic sites."

For leasing information, contact Mike Collins, CEO of UTBW, at (505) 992-1800, or partner Earl Potter at (505) 660-5182.