

Woolworth to cut 13,000 jobs

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SANTA CRUZ — Big changes may be ahead at Watsonville's Woolworth store on Main Street.

No announcement has been made but a meeting of all employees is scheduled for 9 a.m. today, manager Kevin Miyakawa said.

The store, with its lunch counter and wide selection of inexpensive household products, is the epitome of Woolworth's five-and-dime variety store.

Watsonville store may be affected

Exactly the kind of store the Woolworth Corp. plans to close.

The 114-year-old company announced Wednesday it will close or redesign nearly 1,000 stores in the U.S. and Canada and cut 13,000 jobs. It plans to transform

itself from a homespun chain of Main Street stores into a urban-centered specialty retailer.

The company did not say where the stores were located. A Woolworth spokesman in New York said a list of the affected stores would be available today

after employees are notified.

Santa Cruz Woolworth manager Edward Pasby said he was told by telephone Wednesday morning of the general announcement. He was given no specific information about the future of the Santa Cruz store. No meetings are scheduled in Santa Cruz today, Pasby said.

Several years ago the Santa Cruz store was divided

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in half and remodeled. The Gap now fills the other half.

The fate of the Watsonville store will be known today. It could be closed or transformed into something else. If it closes it will be another blow to the town's already shaky economy, already reeling from the bankruptcy and closure of Ford's Department store and the impending closure of the Green Giant food processing plant.

The Woolworth store has 24 full- and part-time employees, said Miyakawa, a veteran of 21 years with the chain and manager for the last year.

Woolworth Chairman William Lavin blamed the closings on unfavorable economic conditions, increased competition and less consumer spending. The restructuring marks the second time in as many years that Woolworth closed hundreds of unprofitable stores.

Woolworth said it will focus on its profitable Foot Locker stores and expand its World Foot Locker athletic chain, RX Place deep-discount drug stores and the Northern Reflections women's apparel stores.

Some 250 of the 970 targeted stores will be reconfigured into these and other more profitable formats. The rest will be closed.

"We're focusing on Woolworth stores in core urban markets," said spokeswoman Frances Trachter. "As general merchandisers, that's where the concept is most viable."

Dime stores became increasingly unprofitable as customers gravitated toward discount superstores like Wal-Mart, Kmart and Target. Indeed, the stores Woolworth is closing — including about 400 five-and-dimes — incurred \$36 million in operating losses during the first six months of the year while contributing about 9 percent toward total revenues of \$4.42 billion.

All told, about 10,000 jobs in the United States will be eliminated and 3,000 in Canada — about 9 percent of Woolworth's total work force of 143,000.

"They've taken the hard decision to give up the core business that gave Woolworth its name," said Alan G. Millstein, editor of the Fashion Network Report. "The old-fashioned five-and-dime will be a memory."

Sentinel wire services contributed to this report.

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Business — W

NOV 4 1993

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