

More warehouse clubs accept food stamps

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PORTLAND, ORE.

With many families suddenly struggling to feed themselves, the big warehouse clubs known for king-size packages of steak and jumbo boxes of Cheerios are increasingly competing with grocery stores for the 36 million Americans now on food stamps.

Costco Wholesale Corp. said Wednesday that it would start accepting food stamps at its warehouse clubs nationwide after testing them at stores in New York. That is a big about-face for a chain that has catered to the bargain-hunting affluent with its gourmet foods, and a reflection of the fact food-stamp use has hit new highs.

Costco joins warehouse-club competitor BJ's Wholesale Corp., which started taking food stamps last April, and Sam's Club, which began accepting them in the fall of 2008.



People shop at the Costco Wholesale Burbank store in Burbank, Calif.

AP/Damian Dovarganes

Up until recently, some wholesale clubs were skeptical poor people would be willing to pay the \$50-a-year membership fee or would be interested in buying food in the bulk quantities for which the stores are famous.

But now, in this economy, stores are battling for every dollar and see a big potential market in the growing ranks of food-stamp recipients. From warehouse clubs to supermarkets and mom-and-pop groceries, stores are retraining their cashiers and hanging new signs to welcome such customers.

"Certainly this economy was a wake-up call," Costco chief financial officer Richard Galanti recently told investors. "It is not just very low-end economic strata that are using these."

The rolls of food-stamp recipients have grown by 10 million over the past two years. The U.S. Department of Agriculture said nearly 200,000 retailers nationwide now accept food stamps, 20 percent more than in 2005.

Most major food chains — like Wal-Mart Stores Inc. and Safeway Inc. — have accepted food stamps and other public assistance as payment for many years.

Costco had refused to do so, arguing that there would not be enough shoppers to make it worth the trouble of updating its electronic payment systems and that food stamps would slow down the checkout lines.

In May, however, Costco began accepting food stamps in New York under political pressure, and the practice turned out to be more popular than expected. Richard Galanti said the company's assumptions were "probably a bit arrogant."

Moreover, some of the warehouse club chains say that poor people — particularly those with large families to feed — can save money by buying food in bulk.

The warehouse clubs are not waiving their membership fees for food stamp recipients, and memberships cannot be bought with food stamps.

But Costco executives said they were

surprised to find that some shoppers are, in fact, paying the \$50 fee precisely because the company takes food stamps.

The company hopes to accept food stamps in about half its 407 stores in the U.S. by Thanksgiving. The rest will be phased in as Costco gets the necessary state approvals.

As for Kroger Co. and other grocers that have long accepted food stamps, they are adding new signs to welcome those on food stamps, as well as increasing staffing and stocking up on key products at the times of the month when benefits are issued.

Meaningful segment

"This is a big deal. It's a meaningful segment of our shoppers, and it's increasing rapidly," said David Dillon, Kroger CEO, who recently visited a store to talk with shoppers using food stamps about their concerns.

Kroger cashier Richelle Crawford in Cincinnati said she sees more shoppers using food stamps, and she tries to help the newcomers. When they try to pay for items that cannot be purchased with food stamps, she escorts them back to the aisle and points out the signs indicating what is eligible.

Latoya Murdock, a single mother of two small children, smiled recently as Kroger employees fussed over them. She said she needs food stamps to help keep her youngsters healthy.

"I have absolutely no shame in using it for them," she said, holding up her benefits card. "It's been a lifesaver. I never leave home without it."

Peter Hsia, a retail strategist for the Kurt Salmon Associates consulting firm, said taking food stamps could help stores even after customers don't need them anymore.

"They've got a big slice of their core customers who are now using food stamps, and you don't want to lose them when the economy picks up," he said.

The move could also help the warehouse clubs hold onto members who have fallen on hard times.

W Retreat holds job fair to fill 250 positions

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The W Retreat & Spa in Vieques continues to recruit personnel this week to fill more than 250 positions, the hotel announced.

The W Retreat & Spa, formerly the Martineau Bay Resort, has been undergoing a multi-million upgrade slated to be completed by early 2010, when the hotel will re-open. The W Retreat & Spa, the first in North America, will feature 157 rooms all with private patios and balconies, a restaurant and spa, among other amenities.

"The W Retreat & Spa Vieques Island will provide hundreds of jobs, making it the largest employer on the island [of Vieques]," the hotel stated in a press release.

Hotel representatives will be conducting the first round of behavioral and sit-down interviews through today at the W kiosk, located at the Consorcio del Noreste Division of Vieques Island. Launched in August, the W kiosk has been welcoming potential talent from the Vieques community to fill the 250-plus positions, which range from mid-level talent coaches, room stylists and runners to top managerial positions.

W Vieques has also partnered with Puerto Rico's Universidad del Este Carolina Campus to establish a training program designed to benefit any Vieques resident who wishes to develop him or herself in the hotel and hospitality industry.

"The goal of the training program is not only to assist the local Vieques community in job development, but to inspire participants to start the program and give back to the island of Vieques what they have gained," the hotel stated.

A customer looks at a package of tomatoes inside a Sam's Club warehouse in Bentonville, Ark.

AP/April L. Brown



BRIEFS

Profit little changed at Spain's Santander

Banco Santander, Spain's largest bank, said Wednesday its third-quarter profits held steady at \$3.3 billion, with increased loan losses weighing on the bottom line despite improving business in Britain.

The euro-zone's largest bank by market capitalization said the profit figure for the July-September period compared to \$3.29 billion in same quarter of 2008.

It said revenue in the third quarter grew 11 percent year-on-year, and profits by Santander units in Britain grew 58 percent to 1.16 billion pounds sterling in the first nine months of the year.

But non-performing loans continued to sap the bank's bottom line. Net loan-loss provisions in the third quarter totaled \$3.82 billion, up 44 percent from the same period of 2008. For the first nine months of the year, provisions for bad loans have grown 47 percent, the bank said.

In Latin America, Santander's profits for the first nine months of the year dropped 2.1 percent to \$4.16 billion amid a drop in lending because of the recession. In the countries where Santander operates, including Brazil, Mexico and Argentina, the bank's lending is down 11 percent over the past 12 months, Santander said.

Still, Santander said it is on track to match its 2008 net profit figure of \$13.2 billion.

The bank's net profits had fallen 5 percent in the first quarter because of Spain's economic slump and by 4 percent in the second quarter, in part due to a surge in non-performing loans.

Santander shares were down 2.69 percent at \$16.44 in early trading in Madrid.

Milk price hearings postponed

The Milk Industry Regulatory Office on Wednesday announced it will push back the date for the public hearings to evaluate the findings and recommendations of studies conducted to analyze the price of milk.

The postponement comes at the request of several components of Puerto Rico's milk industry, which has asked for additional time to participate in the hearings, that were originally scheduled for today.

The hearings will now take place Nov. 5-6 at the agency's offices in Hato Rey.

This week, agriculture officials confirmed that the island has been importing fresh milk since last month to make up for a drop in local production.

CofC opposes new Treasury requirements

The Puerto Rico Chamber of Commerce on Wednesday blasted a new procedure effected by the Treasury Department to renew tax exemption certificates.

The trade group explained that the new procedure requires taxpayers to submit an application, coupled with a negative debt certification and a copy of the municipal patent. The CofC claimed all of the documents had to be presented to the Treasury Department's Kennedy Avenue offices in San Juan.

The problem, they said, was the overcrowding at that specific office, where they said only 200 taxpayers a day were being helped.

However, a Treasury Department official who spoke to the Daily Sun on the condition of anonymity, said the problem was that taxpayers waited until the Oct. 21st deadline to get their papers in order.

"Yes, there was a change in the proceeding, but in September, Treasury sent out letters to those taxpayers who had to get their certificates renewed, letting them know they had until Oct. 21 and that they could go to any of the agency's tax collections centers throughout the island to complete the process," the source said.

Meanwhile, CofC Executive Director Edgardo Díaz said Wednesday the agency's changes will harm the economy, as it is taking time away from business owners who must stand in line to complete a process that could be done completely online.

By Daily Sun staff and wire services