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Wal-Mart's Grocery Sales Expand

By [KAREN TALLEY](#)

Wal-Mart Stores Inc. for the first time has drawn more than half its annual U.S. sales from groceries, as the retailer's aggressive push in food and other consumables is paying off.

Groceries accounted for 51% of Wal-Mart's \$258.2 billion in U.S. sales last year, up from 49% the year before.

Wal-Mart has been ratcheting up efforts to convert existing stores into supercenters, 100,000 square foot stores that sell consumables in addition to clothing, electronic products and household furnishings. Last year was the first year in memory that Wal-Mart did not open any standard discount stores. It instead converted 86 existing locations into supercenters as well as opening 49 new supercenters.

The retailer now operates 2,750 supercenters in the U.S., while paring back its traditional discount stores to 803 from 1,350 five years ago. Wal-Mart also has been lowering shelves and widening aisles throughout its stores as part of a program to make the shopping experience more appealing.

The drive to offer more groceries is appealing to certain retailers, especially as consumers are still a bit skittish about discretionary purchases. **Target Corp.** is making a big push into groceries by converting existing stores to sell food and incorporating fresh produce and food at newer ones.

"Food goes up as a percent of sales in a recession when sales of everything else are in a slump," said Bernard Sosnick, retail analyst at Gilford Securities. "In an economic recovery you may see a bit of a see-saw as spending grows for more discretionary items."

Wal-Mart is still determined to keep groceries a priority because they are such a powerful draw, Mr. Sosnick said.

While Wal-Mart's U.S. grocery sales as a percent of revenue rose, apparel, which includes clothing and jewelry, dropped 1% to 10% of U.S. sales, the retailer said in its annual report to the Securities and Exchange Commission.

Hardlines, consisting of merchandise like sporting goods, automotive accessories, and hardware, also fell by 1%, to 12% of sales, Wal-Mart said.

Entertainment, which includes electronic products and toys, health and wellness, and home goods, were all unchanged from 2009, at 13%, 10%, and 5%, respectively, Wal-Mart said.

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