

Posted on Mon, Aug. 08, 2005

Gourmet on a budget

New grocer in town could compete with local farm stands

By Jenni Glenn
The Journal Gazette



Dean Musser Jr./The Journal Gazette

Workers getting The Fresh Market store ready in the Covington Plaza. The 20,000-square-foot specialty store emphasizes a selection of quality produce and meats designed for customers with a gourmet palate.



Blaesing



Bergman

Muesli, a granola-like cereal from Switzerland, ranks above Cheerios and Kellogg's Corn Flakes on The Fresh Market's shelves.

The Covington Plaza store relegates mainstream cereals and other high-profile consumer products to the bottom shelf, allowing more unusual products to stand out. Consumers will be able to sample the specialty grocery store's offerings when the Fort Wayne store opens Wednesday.

The store enters a market filled with competition from more regionally known names including Scott's Food & Pharmacy, Kroger, Meijer and Wal-Mart. Indianapolis-based Marsh Supermarkets Inc. rejoined the market in 2003 when it opened a "lifestyle store" featuring a full-service deli, a wine cellar, meat shop and bakery at Rothman and Maplecrest roads.

The Fresh Market also could compete with local farm stands and sources of fresh produce, such as Hilger's Farm Market.

The Fresh Market, which first ventured into the Midwest this year, announced plans to open the Fort Wayne location in May. The grocery store emphasizes a selection of quality produce and meats designed for customers with a gourmet palate and a budget, said Eric Blaesing, director of communications for the Greensboro, N.C.-based grocery chain.

The specialty store does not try to offer a one-stop shopping experience, Blaesing said. The 20,000-square-foot store stocks only four short aisles of groceries, including salad dressing and paper towels. Instead, a four-sided deli – offering a variety of olives and sushi as well as meats and cheeses – dominates the floor space.

Customers also will have to shop at a traditional grocery store to buy soft drinks, chips and other dry goods, Blaesing said. The Fresh Market complements existing stores, he said.

"We want to do what we do well, but we don't want to be all things to all people," he said. "We'll let the big groceries fight it out" for the dry-goods business.

Although The Fresh Market does not have a full range of groceries, the store's small size and service make shopping convenient, Blaesing said. The wooden shelves leave consumers a clear line of sight to the rest of the store. The store employs 124, and the employees wait on customers at the full-service meat, deli and bakery counters. At the six checkout lines, cashiers take food products out of the cart and scan them for customers, Blaesing said. Employees offer to carry groceries to customers' cars.

Other Fort Wayne grocery stores offer similar services as The Fresh Market, said Dick Bergman, president and chief operating officer of Scott's Food & Pharmacy, which operates 18 grocery stores in northeast Indiana. Like The Fresh Market, Scott's carries all-natural meats and fresh produce for customers to buy in any quantity.

Local farmers' markets also are expanding their offerings to meet demand for fresh produce. Salomon Farm Market added four vendors this spring, bringing the total to 12.

The Fresh Market is much smaller than a traditional grocery store. Most of Scott's stores are 50,000 square feet, which is more than twice the size of The Fresh Market. Scott's stocks more items in that space so customers have a wide selection to choose from, Bergman said.

"Every shopper does not want the same thing," he said. "They want to be able to go into that shopping environment and get all their needs filled."

That hasn't stopped specialty markets from growing. The Fresh Market has 48 stores, including Fort Wayne, and plans to add six more stores this year, Blaesing said. The company first ventured into the Midwest market this year – opening stores in Carmel, Geneva, Ill., and Columbus, Ohio. Fort Wayne will be the second store in the state.

"We looked at the market, and there's lots of nice supermarkets here, but there's not anything like this," Blaesing said.

Specialty stores such as The Fresh Market and discount stores are eroding traditional supermarkets' customer base, said Peter Sealey, adjunct professor of marketing at the University of California Berkeley.

"The traditional supermarket is kind of caught in the middle," he said. "They're not as cheap as Costco or Sam's Club, but they don't have the items like Whole Foods," a specialty store that emphasizes natural and organic products.

Sealey said The Fresh Market specializes in grocery items with the highest profit margins – produce and meat. Grocery stores typically have up to 50 percent profit margins on lettuce, bell peppers, heirloom tomatoes and other produce, he said.

"These (specialty) stores make sense because they're selling the single most profitable item in a traditional grocery store," he said.

Consumers find it easier to compare the prices of heavily advertised dry goods, such as laundry detergent and soft drinks, so the profit margins on these items are lower, Sealey said.

Produce and meat are not always the most profitable segments of the grocery business, Bergman said. Supermarkets have higher labor costs for the full-service meat and deli counters, he said. Scott's has a narrow profit margin on packaged meat because it offers a high-quality product at a low price to match competitors, he said.

The Fresh Market chain stays profitable, in part, because it does not maintain its own warehouses or fleet of trucks, Blaesing said. The company partners with vendors offering those services. The company, which employs about 5,000, is privately held and does not release revenue figures. The Fresh Market plans to continue growing, adding about 10 stores a year, he said.

Specialty stores are spreading more quickly in coastal areas, but the niche is growing across the country, Sealey said. A specialty store can offer a wider selection of gourmet products than the traditional supermarket. The Fresh Market and similar stores make shopping a pleasant experience for people interested in cooking and entertaining, he said.

"They go in there," he said, "and it's like a candy store."

If you go

What: Grand opening of The Fresh Market, a specialty grocery store

When: Wednesday

Where: 6303 W. Jefferson Blvd., in Covington Plaza

Store hours: 9 a.m. to 9 p.m. Monday through Saturday, 10 a.m. to 7 p.m. Sunday

© 2005 Journal Gazette and wire service sources. All Rights Reserved.
<http://www.fortwayne.com>