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## Seek Opportunities for Non-Traditional Locations

PUTTING supermarkets in non-traditional locations can yield unexpected rewards, retailers told SN.

When Bristol Farms opened its first Northern California store in a regional mall in San Francisco four years ago, it merchandised it like its other stores, with an upscale mix of fresh and packaged goods and some foodservice offerings, Kevin Davis, president and chief executive officer, pointed out.

But that store has seen its business evolve in unexpected ways, making it the chain's highest-traffic store, albeit with the lowest average sales per customer □ and with over 80% of sales consumed on the premises in the adjacent mall food court □ he noted.

The store is located one level below Market Street, downtown San Francisco's main artery, next to the busiest BART subway station in the city □ a site that attracts 25,000 people a day. Combined with another 35,000 people who patronize the upscale food court daily, that's 60,000 potential customers a day, Davis said, which is more people each day than Disneyland attracts □ and that number jumps to 80,000 daily during the holidays, he added.

The store sells more coffee, sushi and individual baked goods than any of the other 13 stores in the Bristol Farms chain, plus a lot of pizzas and paninis, Davis said, □so it's a monster business, but very different from what we expected.□

Bristol is removing more and more canned and packaged goods, □and we're thinking of scaling back on the store's 27,000 square feet by 3,000 to 5,000 square feet as we eliminate more traditional merchandise,□ Davis added.

The company □ which was recently sold by Supervalu to its management team □ is looking for other high-traffic mall locations in Southern California, he noted.

[Whole Foods Market](#), Austin, Texas, has its flagship store in New York City in a high-end mall near Lincoln Center and another store at a regional mall in Paramus, N.J.. And Aldi, Batavia, Ill., is planning its first venture into an indoor mall in Chicago.

[Costco Wholesale Corp.](#), Issaquah, Wash., has opened eight warehouses in regional malls over the last few years in Virginia, Georgia, Arizona, Southern California and Quebec. Although some are located in the middle of the malls, the company prefers anchor locations with easy access to parking, David Messner, vice president, real estate, told SN.

□In some cases early on, we had to accept a configuration that made access to parking difficult, but we learned that the more difficult you make it, the less of a preferred shopping destination we become.□

To get into markets where sites are hard to find, Costco has been willing to try other non-traditional locations, Messner said, including a former car dealership in Burnsville, Minn., and a former children's

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amusement park in Melrose Park, Ill. In both cases, the cost of the land was lower, he pointed out, because the less improved the property, the less expensive it is.

Milwaukee-based [Roundy's Supermarkets](#) also opted for a site on land that was previously a car dealership when it opened its first Mariano's Fresh store just outside Chicago earlier this year.

According to Bob Gorland, Harrisburg, Pa.-based vice president for consulting firm Matthew P. Casey & Associates, Clark, N.J., supermarkets are beginning to look at such non-traditional locations as former car dealerships, former driving ranges and former bowling alleys as potential store sites because those areas are already zoned for commercial properties.

He said he believes regional mall locations are more likely to work for companies like Wal-Mart, Target or Costco, which have lower frequency of visits than conventional supermarkets, though several conventional operators are starting to look at recycled boxes in regional malls. But they have to be locations that have good visibility to passers-by, good accessibility for cars and large local populations in addition to rents that are below market rates.

The key is doing feasibility studies in advance to make sure non-traditional locations are right, regardless of how low the rents may be, he cautioned.

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