

Casing Las Vegas stores

By [Pedro de Gouveia](#)

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Keeping in constant touch with advertising and marketing developments is a necessity within the global retail and general marketing industry. With this in mind, I attended the annual Food Marketing Institute's FMI Show, which was held at the Mandalay Bay Convention Center in Las Vegas, Nevada, USA at the beginning of May 2008. Whilst in Vegas, I decided to visit some of the supermarket brands operating in and around this city.

The Las Vegas market can best be described as a combination of food stamp fans and mink & Moet millionaires. Discounters are well represented. There are plenty of food stores serving the Hispanic and Asian communities. The city has three big conventional supermarket chains: Vons, Albertsons and Smiths.

Vegas nonetheless lacks upmarket specialty food stores like Dean & DeLuca and the Food Emporium, found in cities like New York, Chicago and Los Angeles. This could be due to the fine dining provided by the city's luxury hotels.

I managed to go to three food retail chain stores during this trip: Fresh & Easy - a convenience store; Vons - a conventional supermarket; and Food4Less - a low frills warehouse food store.

Fresh & Easy



Store mobile in the Fresh & Easy

This new small fresh food format from English retailer Tesco already has 11 stores in the city and announced that it planned to open another 10 in the near future.

Fresh & Easy were taking over some of pharmacy chain Rite Aid's locations, as it planned to exit the Vegas market by year end. The El Segundo, California-based chain currently operates more than 60 supermarkets throughout Arizona, Nevada and Southern California. The name Fresh & Easy communicates the store concept's offer.

The stores are positioned as neighbourhood markets, being the same size as a Trader Joe's with a natural food range, including prepared meals at low prices. Prices are on average 30% lower than those at the bigger chains.

Unlike the other chains, Fresh & Easy doesn't have a loyalty card, and only recently began accepting American Express. It does limited advertising, preferring to promote its offerings via instore leaflets and pamphlets. It also has a shopper's blog which promotes new products, promotions and instore activities.

In turn it offers \$5 coupons off purchases of \$20 or more. It reduces prices as products near expiration date. Private label products account for half of the 3,500 lines carried per store. The private label lines contain no preservatives or artificial ingredients.

The store layout is simple with low shelving, wide aisles and self-service tills at the front end of the store.

The chain is seen as a triple-targeted format, which focuses heavily on the grab-and-go shopper with deli sandwiches, desserts, breakfast bakery goods and hot and cold prepared foods.

The cook 'n eat assortment strategy, essential to the Fresh & Easy brand promise, has to balance core item availability with the introduction of new items over time in order to keep shopper interest and maintain repeat purchases. The small basket grab-and-go customers targeted by this format are most interested in speed and convenience.

This group accounts for 9% of total grocery shopping trips and 5% of total grocery spending.

Fresh & Easy stores feature an upright refrigerated chiller filled with sandwiches, sushi, desserts and beverages in front of one central aisle across from the checkout area. Bakery items are located in the back of the store. Chilled prepared foods are positioned in the refrigerated chiller in the centre aisle.

One thing lacking in these stores is hot ready-to-eat foods such as roast chicken, pies, curries, soup, etc.

Progress Report:

A year after first opening in California, Tesco is reassessing its expansion plans, after initial sales figures failed to meet expectations of \$200,000 per store per week. Business analysts believe they're only achieving 25% of this sales target per store.

Nonetheless, the impact of this chain seems to have ruffled some feathers, as Wal-Mart is now preparing to introduce a 15,000 square-foot store called "marketside" in Phoenix area by July.

Whole Foods also recently announced that it plans to open a new Whole Foods Express in Boulder, Colorado. The store will focus on grab-and-go items, again clearly the offering that Fresh & Easy is focusing on.

The actual Fresh & Easy store Visit

At the entrance to the store, there was a poster promoting Mother's Day flowers for \$7.99. The store on entering was clean, well lit and neatly laid out. There were a number of out-of-stocks throughout the store.

There were strange price points on the price ticketing eg: \$1.98, 2.98, 1.48, 0.97, 2.76, 3.11 and 1.95. Being the US, the store had 'Compare our Price' tickets which compared prices against Albertsons and Smiths' supermarkets.

The aisle indicators were apple-shaped die cuts in keeping with Fresh & Easy freshness and environmentally conscious theme.

There were a number of green themed messages spread throughout the store, eg: on the side of their chillers and fridges it said "LED lighting uses less energy than fluorescent, so we put it in our freezers, cooler doors and outdoor signs."

Leaving the store I saw a group of store workers marching outside the store's the parking lot demonstrating against the fact that the chain didn't have a union contract in the US.

Clearly things aren't as fresh and easy for Tesco as expected when it first entered this highly competitive and saturated playing field.

Vons store visit



This store brand is part of the Safeway supermarket group. This particular store called Vons Food & Drug was located in a small regional mall in middle to lower class area of Las Vegas. The store had a banking branch of Bank of America, a dry cleaner and pharmacy. The brand's corporate colour of red appeared across all fixtures and signage instore.

The store was clean and well lit, and carried flowers and helium balloons as part of its offering for Mother's Day.

The fruit and veg department carried an eye-catching range of polished and perfectly shaped product. The grocery shelves were all fully stocked with a wide range of products of all shapes, sizes, flavours, colours and price points.

One aisle indicator communicated lunch and dinner food and associated products, consisting of canned vegetables, packaged dinners, canned meats, salad dressing, condiments and cups and plates.

Throughout the store one could find "Good to Know" banners attached to shelf product displays. These communicated the health benefits of the product in question and provided serving size, cooking and preparation tips.

The store also carried a wide range of Hispanic and Kosher foods.

It's an average looking offer through an average looking store for middle market America. Pleasant but not outstanding.

Food-4-Less store visit report



On approaching this store in a Hispanic neighbor of Vegas, the store front proudly displays its dual positioning of being: "The True Low Price Leader. Everyday" and "We're Big on Freshness" The store trades from 6am - 1am daily.

Inside it has loads of point-of-sale and posters promoting a very hard sell Low Price message; eg: "Big Packs Save", "Save up to 30%", "Green Tag Savings", "Thousands of Low Prices", "Low Prices Guaranteed", "Compare & Save".

The store has a low frills wholesaler feel with bare ceilings, high selling and bulk packs and bulk displays. The signage, banners and point-of-sale elements are made up of the brand's corporate colours of yellow, red and green.

The store carried a wide range of Hispanic food products and alternated between Spanish and English with its aisle indicators. Besides the Mother's Day flower displays, there wasn't much to justify its "Big on Freshness" message.

At 7pm in the evening the store had predominantly Hispanic families and couples shopping through the store. This is proportionate to the number of pickup trucks in the parking lot.

It also had to be the store with the most CCTV cameras I've ever seen. Either this is to counter the very few staff members manning this store, or because the store suffers from theft, or worse, suspects that with a predominantly Hispanic trade, it needs to watch "them wetback Spics" closer than normal.

A low frills, warehouse feel in keeping with its "Low Price" positioning and offer. Precos Baicos, Siempre.

ABOUT PEDRO DE GOUVEIA

Pedro de Gouveia is GM of Salient Strategic Advertising and Design, which opened its doors in March 2006. The agency has more than 80 years of accumulated management experience acquired from within the South African advertising and marketing industry. Clients include Red Security, Shoprite, Caturra, Hungry Lion, Boss Paving, International Academy of Health and Skin Care and OFRA Cosmetics (USA).

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