

As stores expand grocery offerings, small businesses find more competition

By Marjorie Hernandez

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Within 30 minutes of walking the aisles of a brand-new grocery store, Carrie Simon and Thelma Romero had filled their shopping cart with a colorful array of goodies.

The sisters bought bell peppers, liver, pork meat and pork heart for a traditional Filipino dish called *egado*. They also bought various *chichiria*, or snacks, to prepare for a big family dinner this month.

Simon and Romero were among customers at Island Pacific Supermarket in Oxnard, the 10th and newest store for the growing Filipino supermarket chain.

"You can't find some of these things at somewhere like Ralphs," said Simon, 64.

"Now that we have this store here, we don't have to go all the way to Los Angeles. It's good because there are more grocery stores now in the area ... and that's good for customers. We have a choice."

Grocery stores are popping up in Ventura County, while discount retailers such as Dollar Tree and 99 Cents Only Stores and supercenters like Target and Walmart expand their fresh and frozen offerings. As the competition grows, independent store owners are feeling the revenue crunch. They say they face cutting costs or finding innovative ways to entice customers.

"Many of these chains are taking advantage of the real estate market and are expanding into other areas ... and in the meantime, also expanding their food section," said Brian Todd, president of the Food Institute, a nonprofit organization that reports on the food industry. "The food business is attractive to many people. Despite a down economy, people still have to eat and it is a necessary expenditure. Meanwhile, local grocers are having to compete on even more fronts."

In Ventura County, roughly 900 stores provide expanded fresh foods, including packaged meat, prepackaged baked goods and frozen foods.

Target Corp. has eight of those stores. While Target has been offering fresh food since 2008, the company has made an aggressive effort to bring more fresh fare in the past two years, said spokeswoman Jamie Bastian.

The Minneapolis-based Target Corp. operates 1,765 stores across the United States and plans to expand its fresh food layout to about 1,100 of those stores by the end of the year, Bastian said. Target stores in Simi Valley, Ventura, Camarillo, Thousand Oaks, Moorpark and Ventura went through the expansion last year.

"This is in response to our customers telling us that they wanted more fresh food in the convenience of a local Target store," Bastian said. "The whole point is to provide that one-stop shopping experience and allow guests to get their everyday needs as well as fresh grocery offerings."

Discount retailer Dollar Tree, which has nine stores throughout Ventura County, offers selected frozen meats at many of its stores, including a prepackaged 3.5-ounce boneless beef rib-eye steak and frozen chicken thighs.

The Chesapeake, Va.-based company reported record first-quarter earnings this year, with consolidated net sales of \$1.72 billion. Some of the company's top performing categories include home products and food, snacks and beverages, President and CEO Bob Sasser said in a news release.

At the Ventura Dollar Tree store recently, customers could buy two cuts of prepackaged Country Post chicken thighs for \$1.

While the discounted prices are tempting, Melissa Garcia of Ventura said she would rather buy her meat products at a larger grocery chain.

"We rarely buy frozen food, but when we do, we go to Costco," said Garcia, 31. "I do get some produce at the 99 Cents store, like asparagus and salads. But just to be secure, we try to go the grocery store for fresh meat."

The number of traditional grocery stores has also grown in the county. Trader Joe's added a second store in Ventura in

2011 and a Newbury Park store in 2009. Sprouts Farmers Market opened stores in Thousand Oaks in 2010 and Westlake Village in 2011. A Whole Foods Market is expected to open next spring at The Collection at Riverpark in Oxnard, and British retailer Tesco has opened at least seven Fresh & Easy Neighborhood Market stores in the county since bringing its first to Simi Valley in 2008.

When it comes to ethnic foods, however, larger retailers have cut their merchandise, allowing smaller markets to jump into underserved communities.

Grocery stores nationwide have pulled back their ethnic offerings for the past three years, according to a report by the Food Merchandising Institute. In 2011, 80.9 percent of stores polled said they carried ethnic foods, a drop of 3.2 percent from the prior year and a decrease of 6.2 percent compared to three years ago.

Meanwhile, stores like Island Pacific and Mexican-style chain Vallarta Supermarket are capturing customers in the county.

After years of vacancy, the College Park Shopping Center on South Rose Avenue in Oxnard is now the location for Island Pacific's newest branch, which specializes in Filipino groceries, meat and seafood.

The 27,000-square-foot facility also serves Filipino fast food. There are plans to set aside a small area in the store for a merchant to cook and sell fresh Mexican food, said Island Pacific marketing director Charina V. Carrera.

"The company has been looking for a space for a couple of years now and when we looked at the demographics of the area, it was a perfect fit," Carrera said. "There are definitely a lot of Filipinos here who would shop once or twice a month in L.A., but now they are able to shop here at a regular basis. In a short time it's become a hub for Filipinos."

But with the expanded competition, smaller, independent store owners are seeing business drop.

Since Island Pacific opened last month next door to Sea Breeze Market Filipino Goods & Seafood, the small store has seen its revenue decrease.

The 2,400-square-foot store stopped displaying certain fresh meat products in its counter unless customers ask, said Sea Breeze owner Tessie Mencia.

The store still carries other Filipino goods and a variety of fish, which they will fry for customers.

"We have been affected for sure, including other smaller markets and people who sell fish and vegetables at Oxnard College every Saturday," Mencia said. "It's very difficult because being here for 13 years, we were established. Now it's like you are starting all over again."

Dave Heylen, vice president of the California Grocers Association, said small-business owners have to adapt quickly to the ever-changing market to stay afloat in the competitive grocery industry.

"They definitely have a challenge, but the smaller grocery owners also can change and adapt much more quickly than a superstore like a Walmart," Heylen said. "They usually have a finger in the pulse of the community and can cater to specific groups, especially in California where you do have a diverse population. Success is dependent upon carving out that niche and meeting the needs in your local community."



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