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&gt; Remodels Help C&amp;K Build Local Business

## Remodels Help C&K Build Local Business

Jun 2, 2008 12:00 PM, By AMANDA BALTAZAR



**BROOKINGS, Ore.** — Operating two supermarkets half a mile away from each other in a small town would be a challenge for most retailers.

However, C&K Markets here has managed to do exactly that. The retailer has converted its former Ray's Food Place in La Pine, Ore., to a warehouse-style Shop Smart, and has turned a nearby independent store it purchased into its more upscale Ray's Food Place, where there's a focus on high-quality produce, fresh foods and local products. The stores opened on May 7 and April 23, respectively.

The upshot is that net sales and customer traffic in both stores have increased by around 25% over the former Ray's.

“We're very happy with that, because it means the extra dollars are new dollars,” said Alan Nidiffer, chief information officer.

“We're the only two stores in town,” he added. “Our goal was to move market share and stop business bleeding to Bend [Ore.], 30 miles away.”

And by making each store distinct, C&K has stopped some of that bleeding.

The changes to Ray's were intended to strengthen the identity of this brand, said Nidiffer. “Our look and feel wasn't consistent — we had different architecture, styles and decor from one store to the other. We came to the conclusion that we needed to create a good brand image for ourselves.”

The company purchased the store that's now Ray's two years ago, and then immediately closed it for renovation. This supermarket now focuses on high-quality fresh foods. In order to emphasize this, all fresh items are grouped together on the right side of the store, by the main entrance.

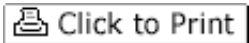
Signage age around the store also promotes the freshness concept, stating “Finest Quality” and “Only the Best,” for example. In addition, the store holds regular food tastings, typically Fridays through Sundays, and

hands out recipes.

Ray's is also putting a strong emphasis on local products, in the fresh departments and also in Center Store. Items in the latter include Willamette Valley Fruit Co.'s frozen fruits and pies, Rouge Brewery's beers and Umpqua Dairy's milk and ice cream. Local farmers regularly visit to hand out samples of their produce. If a farmer can't visit the store, Ray's puts up a sign giving information on him and his farm so as to continue the community feel.

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Products in general are higher-end, such as fresh herbs, organic products, fresh-baked bread and quality meats like Certified Angus Beef. The company is also planning to introduce more heat-and-eat meals, such as prime rib and potatoes or roasted chicken, that will probably be prepared in-house. It's also hoping to introduce an artisan bread line from San Francisco, marketed under the Ray's private label.

These changes to Ray's are part of C&K's overall plan to give all 49 of its Ray's stores a similar feel. The La Pine store is the sixth conversion; 12 more will be completed this year, and 20 in 2009.

The store renovations typically involve new interior and exterior paint and signage, to create a warmer store, and soon, it's hoped that uniforms will be changed for the same reason, switching from the current bold colors of red, white and blue to more muted, earthy colors.

In the La Pine store, the dropped ceiling was removed, adding 10 feet of height, and 30 skylights were installed, which cuts the energy bill in half. Tinted cement floors were poured and the walls painted (both for warmth), and cherry wood fixtures and the fresh and local signage were added.

“Before the renovations, the stores had more of a vanilla, '80s-style look,” explained Greg Sandeno, chief operating officer, “with bright white tiles and neon.”

Having the two distinct stores in this small town of less than 10,000 is ideal, because consumers tend to shop both, Sandeno said. “It depends on what people are looking for,” he added. Most consumers, he explained, visit Shop Smart to stock up on bulky items and visit Ray's for good, quality produce.

However, Ray's is also now drawing many customers from Bend, where there are a lot of jobs as well as some high-end vacation resorts.

A two-day pre-opening event helped bring customers into the stores. Ray's gave away a four-wheel-drive recreational vehicle, while Shop Smart gave a stainless steel refrigerator filled with \$500 worth of groceries.

“When we opened [Ray's], the community said they'd been waiting for it for a long time,” said Dan Cepeda, director of marketing.

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