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Sep 22, 2008 12:00 PM, By AMANDA BALTAZAR



SEATTLE — The first full-service supermarket opened this summer in the heart of downtown Seattle. Kress IGA Supermarket is a conventional grocery store — but with a twist. Much of its business comes from local office workers who want to grab lunch or something to take home with them.

Thirty percent of the floor space is devoted to grab-and-go and prepared meals, according to Tyler Myers, president of The Myers Group, a family-owned local business with two other grocery stores in Washington — on Camano Island to the north and in Ocean Shores, southwest of the city.

“It’s a fairly steady stream of people between 11:30 and 1:30,” said Myers, with another rush period when offices close, then again between 8 and 9:30 p.m. when nearby residents shop.

“Seattle is changing and there are neighborhoods now, and this is in the downtown core,” he said. More residential condos are being built, and many people have been moving here in the past couple of years and continue to do so, he added.

“Any neighborhood needs basic services like a bank and a dry cleaner. Now they’ll have a full-service grocery store, which legitimizes downtown as a place to live, work and shop.”

Myers sees three distinct customers for the store: the continually growing pool of condo and apartment dwellers; office workers; and passersby.

Customers enter Kress IGA via an escalator, which takes them down to the basement level, where the grocery store is located. All perishables are to the left, all grocery items to the right, so someone looking to grab lunch need not disappear into a labyrinth of Center Store items, he explained.

Standard items for these hungry professionals include made-to-order or freshly packaged sandwiches, sushi, made-in-store Chinese food, a salad bar, fresh soup, an antipasti and olive bar, and a taqueria. Chinese and sushi are the biggest sellers, so far.

Prices for these prepared foods are less than office workers would spend in nearby delis or restaurants.

“We’re trying to say if you’re an office worker, we’d like to see you get out of our store for \$10,” said Myers. To make it fast, too, beverages and desserts are cross-merchandised through the prepared-food area. These and grocery items are all purchased at a central checkout area with one line.

The store also offers a range of high-end delicacies from local purveyors, including organic bread from Boulangerie Nantaise; fresh quiche, scones and desserts from Julia's Bakery; a variety of organic doughnuts from Mighty-O Donuts; and a selection of savory and sweet pastries from Piroshky Piroshky in Pike Place Market.

“We wanted to be a conduit to the local neighborhood,” said Myers. “We're trying to market ourselves as the neighborhood store. We're not Safeway or a chain store, and this is an area we think we can excel in.”

Beyond prepared and specialty foods, another 10% of the 17,000-square-foot Kress IGA is devoted to perishables.

The seafood department was completely revamped once the store had opened. “We really understated it, because Pike Place [seafood market stall], the No. 1 tourist attraction in Seattle, is just a couple of blocks away,” said Myers. But people said they didn't want to fight the tourists, so now Kress is expanding its seafood department.

Kress also switched doughnut vendors within a few weeks of opening. The store opened selling \$1.49 doughnuts, but found customers prefer two or three for a dollar, since they can buy the high-priced ones at nearby coffee shops.

Some of the perishable food is organic, but only when it makes sense. “‘Supermarket’ is not a term we've heard much of in the past eight years,” said Myers, referring to the fact that most stores these days open as specialty, organic or some other kind of niche.

“We're a conventional supermarket with conventional pricing and conventional items. We do carry some organic items, but only if we can get the same quality and the same price, although in some of the higher-tonnage items, we carry both.”


Beyond this, the goal at Kress was to have products in every single category, said Myers, so people can get everything they need, from brooms to baby food.

Kress' wholesaler provided The Myers Group with all demographic data for the area, so each section suits the clientele. There aren't a lot of babies, for example, in downtown Seattle, so the baby section is small.

Despite being in the heart of the city, Kress IGA has standard pricing. “We treat [customers] fairly, and that's how we've approached our pricing,” said Myers. “We're straight, conventional grocery pricing.”

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Kress is certainly not trying to underprice its competition, for there is none nearby. Whole Foods is three-quarters of a mile away, beyond Kress' marketing area, and even farther away are a QFC, Trader Joe's, Metropolitan Market and Asian supermarket Uwajimaya.

Myers isn't worried about any local competition anytime soon, since the obstacles are too great: Rents downtown are sky-high, the necessary square footage is hard to come by and most downtown landlords like to have a 60-day demolition clause in their leases.

The Kress IGA is located in the historic Kress Building, built a century ago, which cost \$2 million to renovate. The Myers Group put in escalators and did a lot of seismic work. New plumbing and electricals were necessary, as well as cosmetic work.

And now, after seven months of renovation, a lot of the original building shines through — “nostalgia-type things,” said Myers. The marble floors are original, but refinished, and the ceiling beams and molding are visible.

Myers has taken an unusual approach to marketing Kress IGA. “Most grocery stores are out there with a weekly ad, but we've decided not to market that way. It's very expensive, and I'm not sure how you'd get that ad to everybody.”

Instead, his marketing campaign is focusing on advertisements on the back of buses that pass through downtown Seattle. “Our campaign is simple,” he said. “[We're saying] finally there's a grocery store downtown — finally this is a neighborhood.”

He also plans to carry out collateral marketing in the form of cards that will be available in nearby hotels and condos. Concierges in these buildings recommended this to Myers as the best way to build local business.

He also plans to conduct some Internet marketing, although this hasn't taken shape yet, and some guerrilla marketing, handing out special offers on the street and in local offices.

Myers' marketing is targeted, however, focusing on just four blocks around the grocery store.

As if a grocery store in the heart of Seattle is not enough, Myers' plan for Kress is to make it even more convenient. Soon he will offer online ordering and delivery within four blocks, all done using a small car instead of an inefficient van.

Delivery will be to nearby homes and offices, and while lunch delivery is “very, very doable,” he did point out that there may be a delivery charge on small checks.

He's also hoping to launch catering in the next couple of months, "but not until everything else is tidied up on the operations side." Like the grocery store itself, the catering will be conventional. "There are lots of people in this city doing great jobs with high-end catering; our idea will be much simpler, more affordable," said Myers.

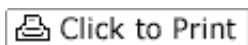
For now, Monday through Friday continues to be the busy time for Kress IGA, although the basket size is bigger at the weekend as local residents shop to fill their refrigerators.

But Myers said he's still trying to figure out who his customer is. He pointed to a 36-foot refrigerated beer case containing imported, craft and domestic brews, of which the latter are the best sellers.

"That tells you we've got a clientele looking for less-expensive, domestic products. But we also sell \$40 bottles of wines like it's nobody's business. Who are our customers? We don't know!"

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