

Louisiana/Mississippi Market Profile

RETAILER/WHOLESALE NEWS

National and Regional Retailers Thrive in Gulf Coast Market

by Alissa Marchat/staff writer

Times are still tough and competition, as always, is a challenge for retailers in Louisiana and Mississippi, but that's not stopping a number of national and regional chains from thriving in those states. From new locations to same-store growth, the outlook for many retailers is positive.

Brandon Trosclair, GM and owner of Ralph's Market, an independent and locally owned supermarket chain, spoke to *The Shelby Report* about his thriving business.

"We have three stores down here (in Gonzales, at Pelican Point and in Baton Rouge), and all of them have positive same-store growth," he said. "I know from AWG (Associated Wholesale Grocers), my supplier, that the trend is about 1.5 percent down in independent grocery. And we're up at all my stores. So I'm very happy with that."

Trosclair attributes part of his good fortune to the industrial growth, including thriving chemical plants near his stores along the Mississippi River, but he believes Ralph's Market's fresh offerings, good value and excellent customer service have a lot to do with his success. That's not hard to believe, because Ralph's faces significant competition from Walmart. Trosclair's Gonzales store is five miles away from two separate Walmart Supercenters, and it's just two miles down the road from a Walmart Neighborhood Market. To top it off, he says, there are plans to begin construction on another Neighborhood Market nearby this fall.

When the first Neighborhood Market opened in January of last year, "they hit us for about 12 percent at the most," Trosclair said, adding that with some aggressive pricing, his store was able to recoup that loss in about nine months.

"What we did in our store is we highlighted areas where we were able to beat them, match them, whatever the case. So we offer Best Choice canned goods, two for \$1, year-round. Which kills (Walmart's) price on it. So we have an endcap right up front, and our customers know that they can come into Ralph's any day and get a two-for-a-dollar canned good."

Trosclair also credits retailer-owned cooperative AWG for helping him to keep his prices competitive. Previously, Ralph's was not able to compete with Walmart on prices for items like detergent.

"We were always \$4, \$5, \$6 higher on detergents," he said. "With AWG, we're able to match them or beat them. For instance, they're \$7.49 on Tide right now, and we're \$6.99. So, kudos to AWG for helping us be able to get aggressive. I think the buying power AWG has compared to our previous wholesaler helps that. But we're able to get aggressive and fight them."

Price competitiveness is becoming even more important for Trosclair as his stores are being affected by a trend of customers shopping either extreme value products or high-end products.

"We started doing these dollar sales; five for \$5 sales is what we do. And they've been an extremely big hit. So what seems to be trending is the really, really cheap stuff, dollar items, and then your premium steaks, premium produce...It's kind of the middle area that's lagged behind."

Consumer needs will continue to shift, and new competition will always be a challenge, but Trosclair plans to stay the course with his three stores.

"We're going to just keep pushing the same approach: good customer service; fresh, quality meats and produce; and good value throughout the whole store," he said.

Rouses 'ramping up' plans for major expansion

Rouses, which operates stores in Louisiana, Mississippi and Alabama, isn't fazed by competition in the area, according to managing partner Donny Rouse. He told *The Shelby Report* that although the Gulf Coast grocery chain also is seeing an influx of Walmart Neighborhood Markets, the national retailer has negligible effect on Rouses' sales.

"They're taking sales from themselves instead of taking sales from the competition," Rouse said, adding that, "with those Walmarts really just kind of saturating the market, there's not a whole bunch of room for a bunch of competition to come on in."

While other competitors still are entering the market (such

as Trader Joe's, which plans on opening its first New Orleans location in the coming months), Rouse believes their effects on his company's business will be minor.

Instead, the retailer is focusing on expansion, with hopes to possibly begin a growth spurt like the one it experienced in 2007, when Rouses doubled its presence in the Gulf.

"In Louisiana, we have three sites under contract right now for new stores. Not quite ready to announce where those are yet...But we're ramping up to get into a big growth mode," Rouse said.

Rouses also is looking to expand its Mississippi presence. The grocer is close to closing a deal for a development on the Mississippi coast, although Rouse could not reveal its planned location as of press time.

"We are excited to get growing and expand our footprint again along the Gulf Coast," he said. "With the economy right now in Louisiana, it's really tough for a lot of businesses and a lot of families. But our company has been lucky, and we're still able to continue our growth."

Although competition and a rough economy don't seem to be holding the grocer back, Rouse expressed his disappointment that Mississippi House Bill 841 and Senate Bill 2821, which would have allowed stronger wines to be sold in the state's grocery stores, failed earlier this year. Currently, Mississippi grocers are permitted to sell only wines and beers with very little alcohol content.

"We were really looking forward to that—to be able to offer our customers the same wines that we can offer them in Louisiana and Alabama," Rouse said. "It's a huge part to our business. And our customers really enjoy being able to shop in our stores to get the variety of wine and spirits that they get in our Louisiana stores. Hopefully one day it will come back. Because it's a large part of our business."

In Louisiana, alcohol averages 12 to 15 percent of Rouses' sales, but the retailer has no plans to lobby for more legislation. Rouse noted that the supermarket chain tends not to get involved in politics, preferring to wait and see what happens.

CVS hopes its new store will launch revitalization of New Orleans' Lower Ninth Ward

CVS Pharmacy in May held the grand opening of its New Orleans Lower Ninth Ward location, becoming what it says is the first major retailer to build in the neighborhood since Hurricane Katrina. CVS hopes its new store will serve as a building block in the revitalization of the Lower Ninth Ward—one of the hardest hit communities affected by Hurricane Katrina in 2005.



"CVS Pharmacy is extremely proud to now be a part of this community, giving residents convenient access to best-in-class pharmacy services and high-quality health, beauty and wellness products," said Roger Francis, area VP of CVS Pharmacy. "More than 10 years ago, CVS Pharmacy was on the front lines of aiding in the relief and recovery efforts when Katrina struck, and now we are proud to be on the front lines helping to revitalize this community."

The new location is more than 13,000 s.f. and features drive-thru pharmacy window service and a range of health,



Donny Rouse inside a recently opened Rouses Market in Kenner, Louisiana.

beauty and personal care products and healthy snack options. In addition, the store has added 20 new jobs to the community.

Mayor Mitch Landrieu participated in a ribbon cutting ceremony at the store, located at 5000 North Claiborne Avenue. According to the mayor, he and his administration have committed more than \$500 million in recovery projects in the Lower Ninth Ward, including major road and infrastructure developments, along with new police and fire stations and a community center.

"Today's celebration marks another milestone in the renewal and redevelopment of the historic Lower Ninth Ward," Landrieu said. "This new CVS Pharmacy marks the first national retailer to come to the Lower Ninth Ward since Hurricane Katrina, bringing important services and resources to this underserved area. This is a major sign of the progress we're making in restoring the Lower Ninth Ward and rebuilding New Orleans not how she was, but how she always should have been."

After Hurricane Katrina struck in 2005, CVS Health and its foundation donated more than \$1 million in cash donations and supplies to the American Red Cross and other nonprofit organizations to assist with relief efforts for victims. Now, more than 10 years later, CVS Health says it continues to play an important role in New Orleans, working with officials in aiding the relief and recovery effort.

Whole Foods Market opens new store in Mandeville

Whole Foods Market hosted a preview party and five "community giving days" in May and June in celebration of its new 40,000-s.f. store at 3450 Highway 190 in Mandeville, Louisiana. The store opened on May 18.



The preview party featured samples, live music, a photo booth and the opportunity for attendees to shop in advance of opening day. The Mandeville store hosted its giving days as part of Whole Foods Market's commitment to the community, says the company. The five events took place over five weeks, with the store donating 1 percent of its net sales to Northshore and Greater New Orleans nonprofits, including Northshore Community Foundation, Food Bank of Covington, Hope House, Lake Pontchartrain Basin Foundation and WWNO, New Orleans public radio.

"We have thoroughly enjoyed participating in community events and meeting people from throughout the area," said Damen Williams, the Mandeville store's team leader. "We are thrilled to host five community giving days for local nonprofits."

All surrounding New Orleans stores hosted matching 1 percent community giving days for these Mandeville nonprofit partners each week.

Whole Foods' new location offers a full range of natural and organic foods, including an assortment of locally sourced offerings and hundreds of products exclusive to Whole Foods Market. Local products are available from more than 100 suppliers, including Acalli Chocolate, Bayou Soap Co., Bayou Teche Brewing, Big Easy Bucha, Cake Face Soaping, Carmichael's Honey, Esses Foods, Inglewood Farm, Nur's Kitchen, Old Soul Pickles, Parish Brewing Co., Pontchartrain Blue, Three Brothers Farm and Leidenheimer Baking Co.

In keeping with the company's tradition, Whole Foods says the Mandeville store is customized for the surrounding community and features local cultural flair, repurposed materials and a number of special attributes, such as ready-to-eat selections like sushi, wood-fired pizza, a hot food bar, a salad bar with organic options, and sandwiches; electric vehicle charging stations; and bike racks with a bike "fix-it" station.