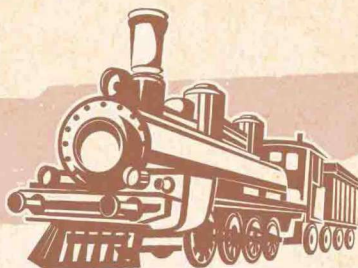
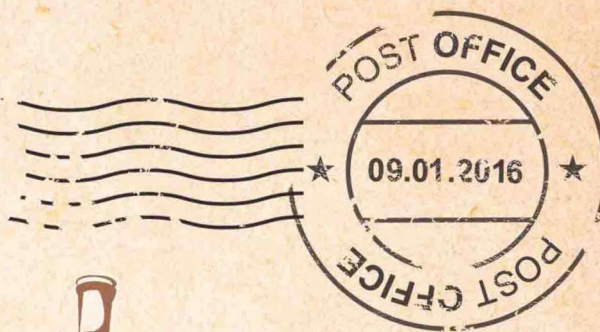




Post  
Card

Food City, Johnson City, Tenn.

Store of the Month



# On the Right Track

**A superior fresh food offering and newly available wine  
elevate Food City's latest flagship location.**

**By Bridget Goldschmidt**

**T**hese days, the mountains that surround Johnson City, Tenn., aren't the only spectacular sights in town. The small city of around 66,000, nestled amid the picturesque Appalachians, is the site of the latest Food City flagship store and adjacent fuel center.

Since its October 2015 opening, the location, which replaced an earlier store, has not only attracted shoppers from the surrounding Tri-Cities area — comprising Johnson City, Kingsport and Bristol, home to the world-famous motor speedway — but also curious consumers from farther afield: North Carolina, southwest Virginia and eastern Kentucky.

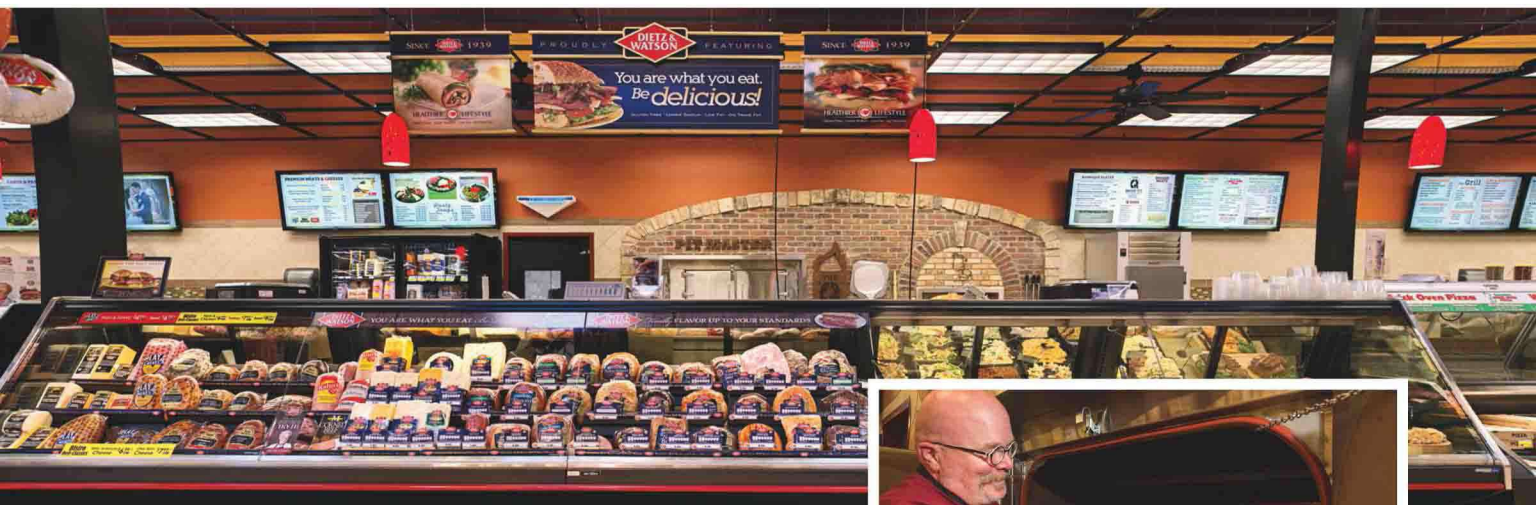
"I was speaking to somebody every day who just wanted to see the store," recounts Store Manager Derek Adkisson, recalling the location's first days in business. "They wanted to see the biggest and newest concepts in the grocery industry, and we were able to provide that shopping experience for them."

When customers enter, the first thing they encounter is Food City's version of a wall of values, with sale items that change monthly, many of them the chain's Topco-sourced private label brands, which include Food Club, Valu Time and Full Circle Market, the last a line of natural and organic products. At the time of *Progressive Grocer's* visit, the area sported football-themed decorations in anticipation of the so-called Battle at Bristol, set to take place between the University of Tennessee (UT) and Virginia Tech on Sept. 10.

"Football's coming up," affirms District Manager Rick Bishop. "We do have a lot of tailgating around here, and then we've also got Bristol Speedway. We've got two races a year that we sponsor, so those are big events for us as well."

*Continued on page 26* ➤



**MADE TO ORDER**

The Johnson City store's deli/bakery area includes a wide range of lunchmeats and cheeses, as well as a meat smoker, manned by pitmaster Paul King, and a brick oven for making pizza.

➤ *Continued from page 23*

**Comfort Zones**

Next up is the store's expansive deli/bakery, which Bishop describes as "one of the largest we have." The bakery offers a host of store-made baked goods, including specialty dessert cakes and higher-end items like cannoli and fruit tarts, all offered for the first time by a Food City store.

Describing these as "new merchandising experiments," Dan Glei, EVP of merchandising and marketing, notes: "We learn a lot of things about what our customers want, and it allows our customers to experiment with things they've perhaps not tried previously."

In contrast to the shock of the new bakery items, the deli provides a panoply of familiar favorites that customers can order to go or enjoy in the store's eat-in section (there's space both on the ground floor and upstairs in an area that can be accessed either by stairs or elevator).



"It's about comfort foods," Adkisson says of the available fare. "Our clientele is drawn to the meat-loaf and fried chicken, country steaks — comfort home cooking."

Once customers have consumed any of those, banana pudding garnished with Nilla wafers, a Southern favorite, beckons for dessert. Meanwhile, a grab-and-go case offers ready-made sandwiches and one of the store's big sellers: sushi, prepared fresh daily in the seafood department.

Of the various items on display in the signature meat and salad case, nearly everything is made in-house from scratch, several from recipes provided by the store's own associates.

That's not the only point of pride for the section, however. "We have an in-store meat smoker," notes Adkisson. "We have barbecue on the bar every day," including ribs and hand-pulled pork, beef and chicken. There's also a brick oven for pizza that sells by the slice and whole pie.

The section does a brisk all-day business, but one eating occasion is especially popular. "We do a full-scale breakfast bar,

“I was speaking to somebody every day who just wanted to see the store. They wanted to see the biggest and newest concepts in the grocery industry, and we were able to provide that shopping experience for them.”

—Derek Adkisson, store manager





“Customers are responding to convenience, especially in this store, better than ever.”

—Dan Glei, EVP of marketing and merchandising

we do a lunch bar, and then we also do a dinner bar,” says Adkisson. “Lunch business is very big here.” Nearby East Tennessee State University (ETSU) and UT, as well as the city’s medical facilities, provide a steady stream of hungry midday customers.

As for the decision to lead off with the wall of values and deli/bakery, rather than the more traditional produce, Glei notes: “We’ve got a pretty big café experience in a lot of our stores. It’s one of our legacies; customers like it and expect it, so for customers that really want to come in here on the run, and then they can get on out, it really makes it much more convenient.”

Over at the Cheese Shop — the first added to a Food City location “in quite a while,” according to Bishop — all of the artisan selections are cut and wrapped by hand, with blue cheeses, cheddars and the store’s hand-pulled mozzarella proving to be particular draws for customers.

### Express and Local

The most noticeable thing about the fresh fruits and vegetables on sale in the Johnson City store is that “the majority of our produce is behind glass doors,” as Adkisson points out, attributing that merchandising decision to, “of course, energy efficiency, but also the perception it gives the customer. They recognize that product is fresher.”

“We just know, even though [customers have] got to reach in the drawer and get the apple and get it out, they’re going to get a much better experience with [our] apples, because a lot of retailers display them off refrigeration,” adds Glei.

Another advantage of the doors, according to Glei, is a more pleasant shopping experience because they prevent cold spots in

the store. “I think a lot of people try to rush through the section because they’re cold,” he observes.

Within the doors, there are some innovative items. Take the new snack cup program, featuring such ready-to-go items as melon slices or raw baby carrots, broccoli and cauliflower. “We’ve always had cut fruit, but these \$2 snack cups have just been phenomenally successful and driving this section,” notes Adkisson, as it enables those in search of them “to get actually healthier snacks.”

Then there’s the recently introduced Short Cuts program, aimed squarely at “busy families on the run coming in to get a fresh, healthy option for dinner,” as Adkisson puts it. “So we’ve done all the work for them in the store, for a stir-fry or salad toppings.” At the time of *PG*’s visit, the packaged offerings include sweet potato slices pre-seasoned with cinnamon, as well as Brussels sprouts and mixed vegetables. Items in the program change seasonally.

Shopper reaction to Short Cuts has been similarly enthusiastic. “Customers are responding to convenience, especially in this store, better than ever,” says Glei.

Another focus in produce is on local items. “We buy a substantial amount of locally grown,” affirms Adkisson. Among those local growers is Scott’s Farms, located within 20 miles of the Johnson City store, in Unicoi, Tenn. “They provide us with strawberries, corn, beans, half runners,” notes Adkisson. “It’s something everybody

### CHEESE STANDS ALONE

The Cheese Shop, coordinated by Natasha Mitchell, offers hand-cut and -wrapped artisanal items.



## Pick and Choose

The Food City in Johnson City, Tenn., drives trial in its Cheese Shop by offering a Pick 3 promotion: Customers can select any three specially marked packages from among about 25 eligible cheeses and pay \$9.99. “Prices on these packages typically range from \$3.50 to \$5,” explains Store Manager Derek Adkisson. “By using our loyalty card, the system will automatically discount the purchase of three cheeses to \$9.99 and possibly encourage a shopper to try a cheese they might not have if there wasn’t a discount.”

Asked about the success of the program, EVP of Merchandising and Marketing Dan Glei asserts: “It’s growing all the time. It’s an idea we’ve kind of carried from the meat department, actually.” Food City runs its well-established Pick 5 promotion there, in which shoppers can buy any five meat items — including some frozen and packaged products — for \$19.99. There’s also a

Pick 5 program in produce, enabling customers to purchase five packages of fruits or vegetables for \$7.99.

Further, in the beverage alcohol section, Glei points to the highly successful Pick a 6 promotion, which allows customers to create their own 6-pack of various craft beers for \$9.99. “You don’t know the beers and you don’t want to invest in a whole 6-pack, you can get one of each, and take it out and try it, basically for the price of what a normal 6-pack would be,” notes District Manager Rick Bishop.





**MEAT AND GREET**  
Among the Johnson City store's meat and seafood selections are a variety of signature store-made offerings.

knows in our community, and they like to see in our stores, and we're one of the few that does it." That producer and others are spotlighted through in-store signage and digital media.

The partnership between Food City and local farmers has a long history. "You guys have been local for, what, pretty much all your lives?" Gleit quips to Adkisson and Bishop. "It's not a new thing to us."

Alongside produce is a floral and gift shop that offers an unusual option: an engraving station where customers can have mementoes embellished with a personal touch. Notes Floral Supervisor Emily Parton, "It's going really well, especially [for] holidays, anniversaries, back-to-school, teachers' gifts," with pens, pocketknives and luggage tags standout candidates for engraving.

### Prime Grade

Food City as a chain has long been famous for what Gleit calls its "unparalleled meat and seafood case," and the Johnson City store is no exception.

Along with a lot of packaged product behind glass



doors like those in produce, the department offers a range of signature made-in-store items, including "a crab cake that's nothing but crab cake — no fillers," prepared by the former chef of a well-loved seafood restaurant that used to operate in the area, and steak burgers, which, as Meat Supervisor Johnny Stout explains, literally live up to their name, having been made from the trimmings of the department's steaks.

In fact, when it comes to hamburger, "we grind all of our ground beef in the store every day, all the time," notes Gleit. "There's no ground beef that's ever more than 18 hours old. Many retailers have gone away from

### ADVERTORIAL



Speaking with...

## Genevieve Poirier-Richards

Senior Vice President, Marketing,  
Milk Processor Education Program (MilkPEP)



**Progressive Grocer:** How is the dairy case changing in ways that offer opportunity for grocery retailers?

**Genevieve Poirier-Richards:** The proliferation of new products has changed today's dairy case, causing many retailers to overlook an underleveraged profit driver — fluid milk. In fact, milk may be one of the most underleveraged profit drivers in the entire store, according to new research from industry experts.

There's strong milk industry momentum, including new introductions, powerful national marketing programs and elevated scrutiny on milk alternatives. Plus, milk aligns with current food trends and offers so many of the benefits consumers are now seeking — from natural, high-quality protein, to farm-fresh, real nutrition. The time really is right to maximize the dairy case.

**PG:** Why should retailers focus on merchandising and marketing fluid milk?

**GPR:** Dairy aisle space is precious and it's critical to make every foot count. Milk far outperforms on space — generating 18 percent of dairy department profit in only 10 percent of the space. In most categories, profits trail as space grows but milk is the exception. Plus, milk leads the dairy case in sales productivity<sup>1</sup>. Yet, it often lacks the in-store interest of other categories.

**PG:** How can retailers reinvigorate their fluid milk business so they boost sales and maximize milk profit?

**GPR:** The right balance of milk options, proper space allocation, and effective merchandising can drive profit, according to the research. There are four ways to invigorate fluid milk business:

1. **Remedy the out-of-stock issue:** Space reductions and out-of-stocks equal lost sales. Research shows converting space back to milk could drive profit<sup>2</sup>.
2. **Increase days of supply:** Because milk sells quickly and profitably, increasing days-of-supply could improve profit and resolve out-of-stocks<sup>3</sup>.
3. **Make space for new products:** Fluid milk innovation — like lactose-free, health-enhanced and single serve flavors — represents sizeable growth and sales opportunities<sup>4</sup>.
4. **Optimize milk merchandising:** Communicating the benefits of milk — in particular protein and recovery — is a proven purchase driver. MilkPEP offers significant support for in-store messaging opportunities<sup>5</sup>.

*Dairy Case Dynamics research was conducted by industry experts, including Prime Consulting and Willard Bishop, leveraging national retail data and proprietary research. For more information on the research, contact MilkPEP at [retailers@milkpep.org](mailto:retailers@milkpep.org) or 1-800-945-MILK. Watch a full webinar on the findings here: [www.progressivegrocer.com/MilkPEP\\_June2016](http://www.progressivegrocer.com/MilkPEP_June2016)*

<sup>1</sup>Willard Bishop 2015 Grocery SuperStudy™  
<sup>2</sup>FMI/GMA Study and Bishop SuperStudy™ values.  
<sup>3</sup>IRI Panel, Bishop Shopper Database, Prime Consulting.  
<sup>4</sup>IRI 2014 New Product Pacesetters.  
<sup>5</sup>MilkPEP proprietary data from national grocery channel.



**SEA WORTHY**

**The fresh seafood case at the Food City in Johnson City is a magnet for area shoppers.**

that; we believe that's one of the things that sets us apart."

In terms of meat quality, "we do a very good job with Prime," Glei says. "We priced Prime at an exceptional level, and once customers try it, it creates a point of destination for them to come back. Once you have a Prime steak, you pretty much want to trade up to that type of retail price point."

According to Stout, ribeyes, sirloins, filets and strips are all big sellers, especially during peak summer grilling season, as well as boneless chops, ribs and kebabs, the last of which, with the arrival of warmer weather, "we bring to the center of the case and make a big show of [them], which makes a nice presentation," he says.

On the seafood side, sushi, which Adkisson notes has been "a big win" for the Johnson City store, is prominently displayed in a grab-and-go case that's refreshed every 24 hours, with any product older than that promptly discarded.

Souda Panyala, lead sushi chef and newly minted U.S. citizen, identifies shrimp tempura and spicy crab as the most popular varieties. "Her job knowledge and what she does is outstanding," enthuses Adkisson. "She's able to relay that job knowledge to our customers, educate them about sushi and create sales because of it."

**Beverage Stations**

Over in center store, one aisle is largely dominated by Nature's Market, the store's dedicated natural and organic section, in which a wide assortment of items is available, although the store also integrates some organic and natural products.

Moving into the pet aisle, Glei notes the current trend toward grain-free pet foods, while the expanded detergent aisle has allowed for a larger assortment of SKUs, thereby enabling the category to perform "substantially better" than in the original store.

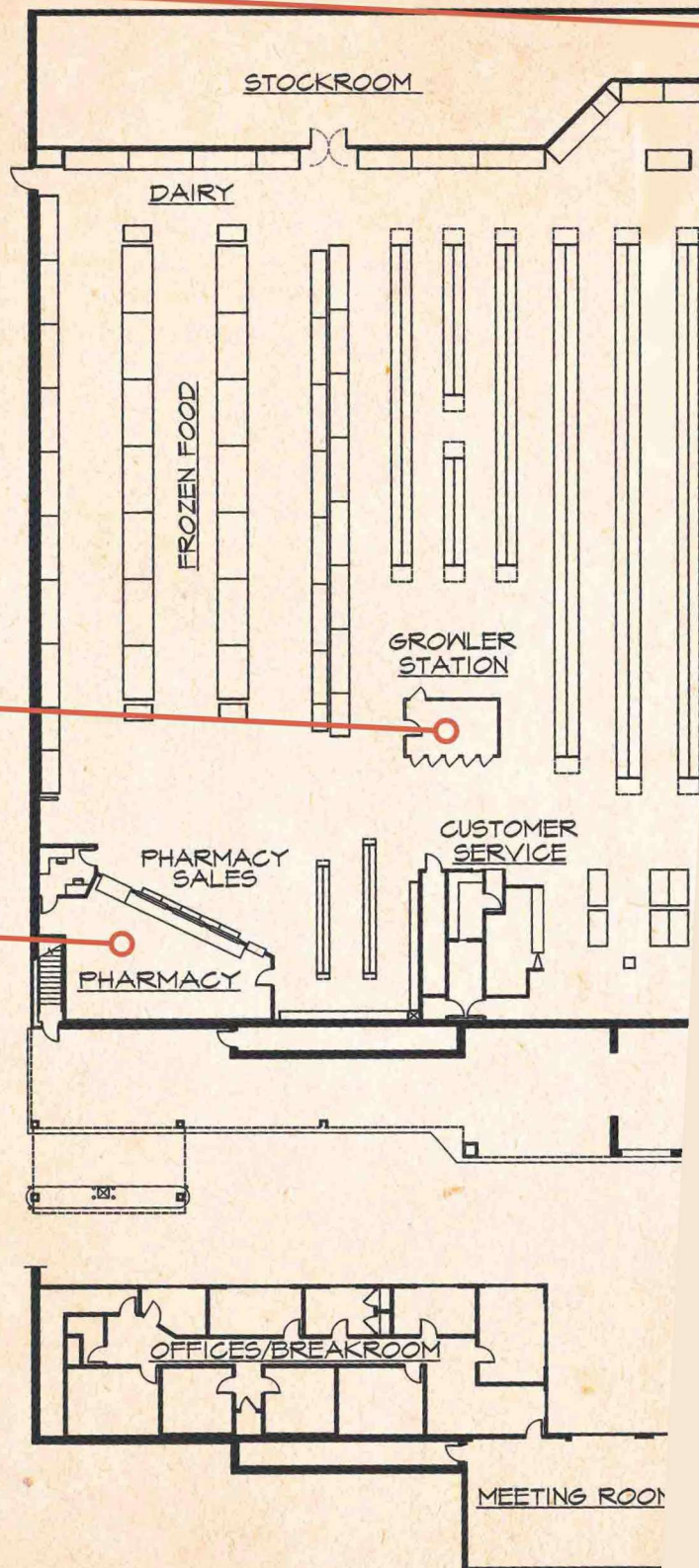
Perhaps the biggest draws in center store, however,

*Continued on page 36 ►*



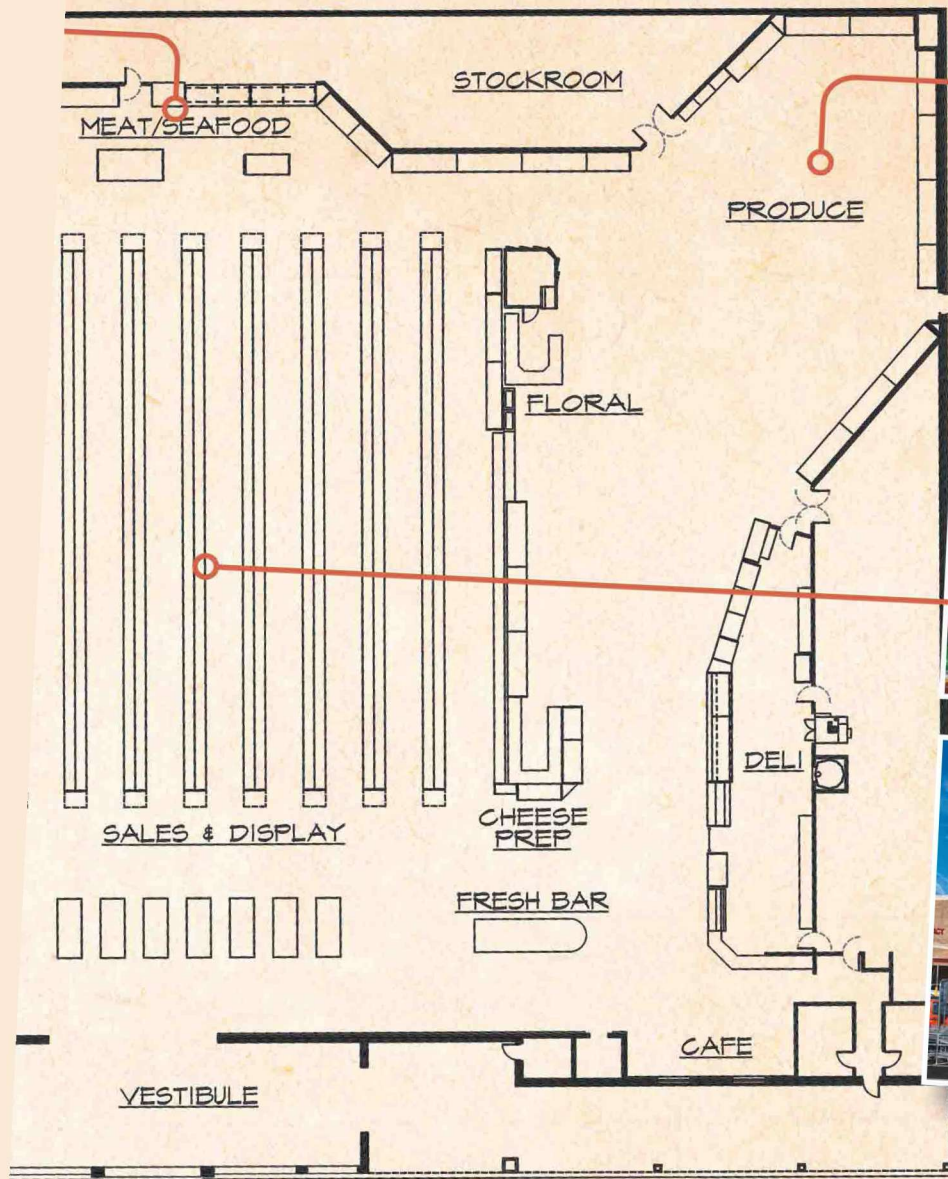
**Store of the Month**

Food City, Johnson City, Tenn.



**FOOD CITY**





**Address:** 920 N. State of Franklin Road, Johnson City, Tenn.

**Grand opening:** Oct. 21, 2015

**Total square footage:** 62,206

**Selling area:** 48,085 square feet

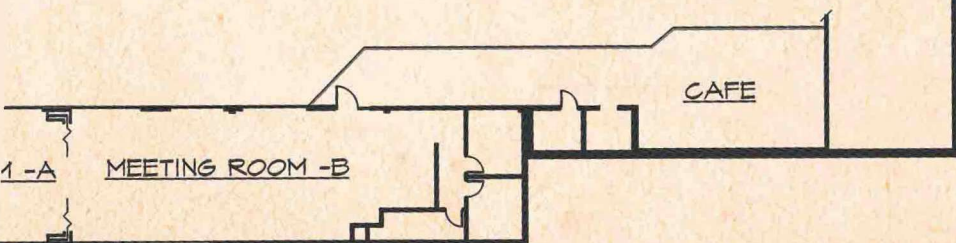
**SKUs:** 36,428

**Employees:** 162

**Checkouts:** Seven standard checkouts, six U-Scans and one Express

**Hours of operation:** Monday-Saturday 6 a.m.-midnight; Sunday 8 a.m.-midnight

**Designer:** In-house design, K-VA-T Food Stores Inc., Brandon Butler, store design and drafting assistant







**NATURE'S WAY**  
Shoppers in search of organic and natural products can find what they need in the Nature's Market aisle.



➤ *Continued from page 32*

are the store's growler station and brand-new wine section, since, at the time of *PG*'s visit, wine sales in Tennessee supermarkets had become legal only the month before.

"We actually had things set up that were a little over-spaced in the snack foods and some of those areas in anticipation" of the new law, explains Glei, adding that by the end of the year the company will have reset upwards of 70 stores in the state to make room for wine.

Despite its newness, the section, known as the Vinery, offers an impressive array of product. Growler Lead Bill Phillips, who also oversees wine, identifies Food City "favorite" Quail Oak — which

the chain developed in partnership with a major winery — among the section's big sellers. As for shoppers' level of wine knowledge, Phillips notes, "We have some that are very informed; a lot of the others are still trying to find the wine they like."

To help the latter type of consumer, Glei says: "We've come up with some wayfinding that's fairly simple; we worked with some of our suppliers, came up with this fun little phonetic way to say [the name of the varietal] and then some of the things that you might find about the wine," including flavor notes and appropriate pairings.

The overall theme is "explore, experience, enjoy," he observes, "because we think that's the journey many of our customers in Tennessee are going on, now that they can see wine every time they go to the grocery store."

One minor snag is that stores in Tennessee can't hold free in-store tastings — yet. "There is a path toward that," notes Glei. "We're going to pursue it."

Beer, meanwhile, has been big business at the Johnson City store since day one, especially craft brews. "Over half of our cold beer case is dedicated towards craft," says Adkisson, indicating the product, which is naturally behind glass doors. "The domestic still does very well for us, but craft beer is booming. I think Millennials drive a lot of that. We're fortunate to be in an area with a lot of microbreweries — we've got one here in town, Yee Haw Brewing. We've got them in all of our Food City locations. Of course, we have them on tap here, too."

As well as Yee Haw Dunkel, in-demand on-tap quaffs hail from nearby Asheville, N.C.,

“

The domestic still does very well for us, but craft beer is booming. I think Millennials drive a lot of that.”

—Derek Adkisson, store manager



#### SALES ON TAP

Growler Lead Bryan "Doogie" Barbrey shows how it's done at the Johnson City store's Brew House, where craft beers reign supreme.



“We don’t have a lot of stuff on the floor. That’s a decision our shoppers asked us to make.”

—Dan Glei, EVP of marketing and merchandising

and other parts of the region. “That’s what we’re focusing on,” he affirms.

Asked how the different growler sizes sell, Phillips replies: “64 [ounces] is kind of the most popular, and we offer it both in glass and in plastic. We kind of brought this little 32-ounce one, and for a lot of people, if they only want to have 1 or 2 pints, or want to try [a] beer, this is a more practical way.”

The vast frozen section boasts some of the widest aisles *PG* has ever seen in a supermarket. “One of the biggest responses to opening this store that I’ve heard is the wide, clutter-free aisles; it’s easy to shop, easy to maneuver,” notes Adkisson, adding that “you can open [the doors on] both sides of the aisle and there is still a clear, wide path for shoppers to maneuver.”

As for the store’s being clutter-free, there are few free-standing displays in evidence. “We don’t have a lot of stuff on the floor,” affirms Glei. “That’s a decision our shoppers asked us to make.”

With the exception of some HBC products located in nonfoods, the pharmacy is laid out in a store-within-a-store format, with its own aisles and signage, so as to provide “the drug store experience,” as Glei calls it.

### Next Steps

Regarding the future of this store model — Food City’s third incarnation of a flagship store since 2007 — Steven C. Smith, president/CEO of Food City parent company K-VA-T Food Stores Inc., says that the company has a few choice markets in mind for upcoming locations. “We just moved into Chattanooga, [Tenn.], in



the last year, and I think this would be a very popular store in the Chattanooga market, in the right location,” he observes. “We’ve been in Knoxville, [Tenn.], for 20-plus years, [but] we haven’t had a chance to build a flagship store to this caliber in Knoxville yet; that would be a natural place [for such a store], with the university there, a larger metropolitan area.”

Further, as his interview with *PG* winds down, Smith adds that Food City’s hometown of Abingdon, Va., is also slated to get a similar store. “Our goal is to break ground this fall,” he says.

All are sure to see similar success. **PG**

For more about our Store of the Month, Food City in Johnson City, Tenn., visit [progressivegrocer.com/JohnsonCityFoodCity](http://progressivegrocer.com/JohnsonCityFoodCity).

## All Aboard at the Depot

When Food City’s corporate dietitian, Elizabeth Hall, came to the Johnson City, Tenn., Food City store to conduct nutrition classes in partnership with East Tennessee State University, those events were held upstairs, at the store’s banquet facility, known as the Depot at Franklin Commons.

“A little history on that: When Johnson City was first founded, it was known as Johnson’s Depot,” explains Store Manager Derek Adkisson. “This town has a railroad history to it, and when we were brainstorming ideas for the name of this room, we came across the Depot. You’ll see a railroad theme in here through the pictures displayed.”

The facility, which seats 100-plus people, offers full audiovisual capabilities and



can be divided in half, is not only used internally for Hall’s nutrition classes and for cooking demos, but has also hosted various civic organizations, in addition to private parties such as birthdays and anniversaries. “The sky’s the limit in here,” asserts Adkisson. “We can go as formal as somebody might like through a sit-down three-course meal, or we can do a buffet-style meal, we can do finger foods. We take care of the event; the customer shows up and enjoys the experience.” The store’s catering operation also does off-site events.

“We have three of these” in total throughout the chain, says EVP of Merchandising and Marketing Dan Glei, noting that “this one has some features that the other ones don’t have. You learn as you go, and this one is probably the best expression of our being able to show and tell as we go.”