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Seattle consumers take their shopping seriously. Outdoorsy folks they are and known across the country for their preference toward skis,

Gortex, kayaks, climbing ropes, and the like. Researchers label them "value-driven."

Recreation is an industry there, and the Seattle consumer strives to invest the daily indoor routine with the same zest applied to weekend experiences. Pricey, locally grown coffee beans, high-tech home entertainment, fine wines (Seattleites consume nearly 50 percent more wine than the national average), gourmet yogurt become typical conversation topics, and food sources and preparation form an important slice of local culture.

Retailers compete fiercely here for attention. Merchants appreciate the Seattle consumer, for once he or she's hooked and landed, they'll embrace a brand, flirting only on occasion with a competitor.

Marketing experts honor Seattle as one of the most sophisticated consumer bases in the world—the "value-driven" ethic there creates a hard-core comparison shopper, savvy where the best combinations of price, quality, and service can be found. Value for the money is a community motto.

Bruce Taylor of The Sherwood Group, a Seattle real estate/marketing research firm, points out, "I know a lot of people who can't really afford to drive Volvos, but they buy them because of their durability." And T.J. Robison, editor of the Washington State Food Dealers Assn. magazine, characterizes the Seattle shopper as "demanding about their groceries as they are about suits. People up here want it all—price, quality, and service." To get "it" all, they're more likely to shop the independent stores than the national chains, Robison points out.

Tastes must be catered to, and the slightest ripple sets off a wave of services and suppliers eager to bob along on the trends and fashions. Retailing is a mirror of society, believes Dick Outcalt, a Seattle retailing consultant. "You can't survive as a retailer unless you are a mirror of what your customers want."

And researchers probing the Seattle market have found value here means a combination of price and product and not necessarily low price alone. Donald Morgan, chairman of GMA Research Corp., a Bellevue market research firm, draws an important

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distinction between Seattle shoppers and those from Portland, Or., a neighbor and companion when lumped together in broad geographical studies or statements. According to Morgan, Portland shoppers are much more prone to buy because the price is right. In Seattle, consumers list more intangibles—those we've mentioned before: quality, service, and value—as forming the reasons they buy the brands they do or shop where they shop.

Research shows folks from Seattle are well informed and educated with an average of 14.2 years of schooling, two more than the national average, and they enjoy a better-than-average income in King County, \$30,833 average compared to \$26,433 nationally.

"Customers no longer want the bargain life," says researcher Dick Outcalt. "They want a better life. They want a better shopping experience. In the 1970s, retailers sold a lot of merchandise because it was at the right price. In the 1980s, shoppers expect variety, price, and service."

If the Northwest and the Seattle area particularly sound like a great place for the aggressive, plucky retailer, he should heed Outcalt's warning:

"For the same reason it's great to live in the Northwest, we're at least the national average of being over-stored and over-inventoried. Experts estimate the United States has about 50 percent more stores than the market needs. And that is certainly too many stores chasing too few customers."

For a grocery store to survive and even thrive here, it must wedge itself into a marketing niche where it cannot be easily dislodged. Independents particularly are challenged, as they lack the volume and visibility of the national chains.

As of autumn 1984, Olson's, a chain of nine family-owned supermarkets serving the Everett, Lynnwood, and North Seattle area, held a 1.6-percent share of the meat market business in the region, according to a study conducted by Fisher Broadcasting, Inc. (KOMO Radio and Television, KATU



Olson's Foods began as a family grocery in Everett, Wa., circa 1948, under a huge sign proclaiming "Coca-Cola" and with a wood-framed Pontiac station wagon out front.

Ole Olson's store "was more a trading post than a grocery store," his son Morrie recalls. "That was back when farmers brought

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in eggs, cream, chickens to exchange for groceries. Money in the hand was hard to come by.

In 1967, Olson's acquired its first super store in south Everett and have since grown to a family-owned chain of nine super stores.

Television). Dominating the field were the lions Safeway (28.6 percent) and Albertsons (10.1). The market then scatters among the Thriftways, Luckies, Piggly Wiggles, IGAs, and the Food Giants. For a small company to grow where competition is keen and shoppers discriminating, there must be a commitment to specializing in delivering products and services folks will come back for. Certified Angus Beef is a vital cornerstone in Olson's program, for the Fisher study shows shoppers rank a store's meat department next in importance to its location as "very important." In the 1984 data, 65.5 percent of the shoppers surveyed rated convenient location as very important with the meat department second in importance at 49.4 percent.

So, it's emerged a wise strategy for Olson's to "offer something different from the price-conscious outlets by accomplishing something different, something upscale in quality, service and variety," says Ralph Gnoinsky, Olson's meat specialist.

"Where two people are working and time poor, anything that's going to help them, they're the ones we zero in on," Gnoinsky says of the approach and its targets. "They want high quality, and price is no longer the leading issue in most of our focus group studies."

Concerning location, Olson's has selected areas of high density. Searching for the profile of the likely Olson shopper includes aerial photography of the area and license plate checks in the parking lots. The total demographics of an area are fundamental.

Gnoinsky adds Associated Grocers, Olson's supplier, lends a big assist in conducting much of the research. They're careful. Making a mistake can cost a lot of money.

In addition to Associated Grocers, Olson's conducted its own in-house project when the CAB opportunity came along.

"Our meat managers were quite receptive to the CAB idea. We bought Safeway steaks and had our people take both products home to cook and grill. They bought into the CAB

program just through their own experience."

Gnoinsky traces problems between consumer and beef back to 1976 when the grading was modified. Beef became so lean it no longer satisfied, and the health issues eroded consumer demand even further. Olson's had been buying specially fed beef since the change in grading specs.

According to Gnoinsky, obtaining a product of consistent quality had become impossible for at least two years before the chain turned to CAB.

"It was exactly what we were looking for," he recalls. "It has the quality and marbling needed for good-tasting beef, and it allows us to advertise a quality branded beef product."

New customers have been a constant dividend. "With CAB, we can draw new customers without heavy price and item advertising."

Price and item advertising is offering different meat items at a low breakeven retail price on a weekly basis to maintain a customer base and attract new customers.

"When competition is brisk, you have to advertise a greater number of items at cost. Unfortunately, if Store X down the street is lower-priced than your store, your price-oriented customers, which you have attracted through pricing, will go to Store X."

Even Seattle has its fickle consumers.

Olson's put the emphasis on quality and service, avoiding price and item advertising, as they find their clientele prefer a personal touch not found in "cub" type stores. Ralph describes the cub store as "super stores with 80,000 square feet or more retail space—a warehouse type store. They may be a bit upscale as they do provide some service departments like a deli. They mark their groceries an average of ten percent less than a conventional market. Cub stores have to follow a specific marketing attitude because of such a thin margin. They have to reach out 20-25 miles to make it.

"We have a Costco and also Safeway and Albertsons right in our back yard, but there is a large segment of consumers who like the marketing style of Olson's Foods. People want the personal touch that's hard to find anymore."

Olson's presents itself as "The People Pleasers," an attitude that must be well instilled in the personnel, for an attitude of old-fashioned friendliness, courtesy, and one might even say a graciousness complements the clean and pleasant decor.

Personnel wear the company colors with evident pride, and it's obvious customer and employee could arrive at a first-name basis shortly.

"These are things emphasized by the other company I worked with before I came to Olson's," says Gnoinsky, "and it was an easy transition. I like the ideas and community profile of the company."

Ralph writes all the meat advertising and so must command a sharp, alert understanding of margins and returns. The challenge is to maintain gross margins, yet look good to the customer. "This is where CAB has been of such benefit," he points out. "It's something no one else has."

It's a happy combination, for while competitors are struggling to reposition their meat departments in face of dwindling sales, Olson's beef tonnage to its total mix has increased on the average of five percent during any given period of measurement.

Gnoinsky credits "the Angus people" with helping Olson's CAB program "off the ground. I admire the monitoring that ensures control of the product."

Mill Creek is the newest link in the Olson chain. Manager of the store's meat department is Fred Evans who compliments the Certified Angus Beef as reminding him of the beef available when he started in the business.

"It's the quality," he says, "like a real nice Choice 3 of years ago. Anything less than CAB is just commodity beef. It's a little cheaper, but it doesn't have the flavor or consistency."

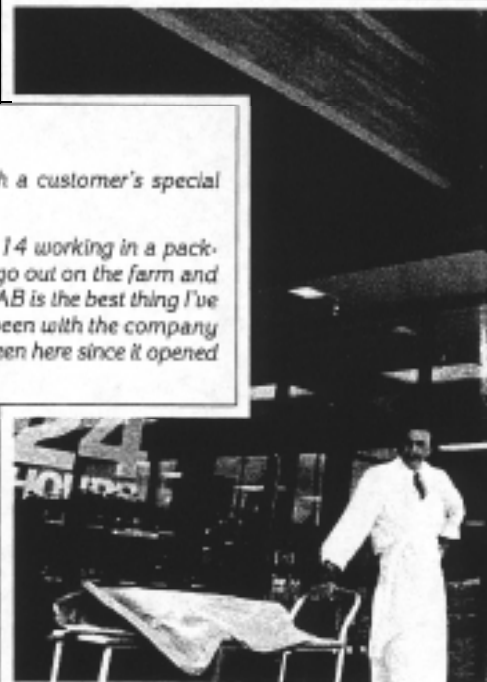
"It's a relief to not have people coming back here and saying, 'This is tough.' If that customer has a tough steak with company over, you've just about lost that customer."

As part of the Olson merchandising spectrum, Evans, like his fellow meat managers at the other stores, does



—Fred Evans
Meat Manager
Mill Creek Olson's with a customer's special order.

"I started at the age of 14 working in a packing house. We used to go out on the farm and kill them, cut 'em up. CAB is the best thing I've seen come along. I've been with the company nearly four years. I've been here since it opened a year ago."



—Ralph Gnoinsky
Meat Specialist, Olson's



"The people pleasers"

Arctic trailer, true cod, sockeye salmon filet, black cod filets, ling cod, Dungeness crab, smoked salmon, kippered salmon, smoked cod, smoked trout, alder smoked salmon, kippered cod filets, lobster are just some of the seafood entrees Seattleites may choose over beef not to mention other competitors. Area shoppers are both discriminating and blessed with a wide and tempting array.

Companies like to test new products in the Seattle area, for if it succeeds here, it may also repeat its performance in other well-heeled, well-educated cultures such as San Francisco and Washington, D. C.

"My father was a packing house butcher and later a retail meat cutter. I worked with him on weekends. Totally, I've been in meat retail 26 years,"

offer a "lite" beef product. "We do sell a lot, to be honest," he says, adding customers are beginning to recognize "Angus as the top of the line. But, there are people who are going to buy something cheaper, marinate it, and get by. If you're going to eat a real steak, you might as well eat Angus. You've got to have something for everybody."

Both meat experts have plenty of experience with "commodity beef." Fred says of it, "You don't know if they've been feeding potatoes or what; some of it is watery. There are always those feeders who feed cattle cheap, and if they'll grade Choice, that's good enough for them." Ralph agrees.

"Lite" beef offers us another type of cattle for the health-conscious customer. We've carried a 'lite' beef type program for several years. We do move enough to keep it going, but it's just another item you can offer the consumer looking for something different.

"It doesn't come close to Angus beef. But, in this type of marketing area, you need to address any segment that emerges. 'Lite' beef is middle meat. Older people tend to buy this product."

With external fat thickness an industry concern, Olson's have been sampling consumer opinion. Ralph Gnoinsky: "Our focus groups will comment on external fat, but won't say much about internal marbling. It's negligible. Safeway's on a quarter-inch trim, and we're less than that."

It was a timely marriage, Olson's and CAB. The company had been making steady if modest progress from a humble corner grocery in the late 1940s. In 1963, Ole Olson became a member of Associated Grocers and found the move "positioned" his stores favorably in an era before the concept of "positioning" became such insider jargon. Then, in the 1980s CAB came along when meat sales were faltering. Like the move toward Associated Grocers, CAB relieved this independent operator from buying from supplier directly. Now there was a real choice and confidence in the quality of the product.

Culinary and other consumer facts found in Seattle ...

*Seattle is the center of a boom in the restaurant business. Experts define a new Northwest cuisine, founded on the freshness, delicacy, and variety of local foodstuffs. Seattle restaurateur Jacques Boiroux: "Five years ago, you couldn't even find a decent green bean in town. Now it's getting to be like France, where what you find locally dominates the menu and the way it is written. The superb quality of our local wine has only enhanced this gustatory renaissance."

*Seattle has some of the purest drinking water in the country.

*The city is fourth nationally in sales at eating and drinking establishments. (It is also fourth in frequency of opera performances and fifth in spending for parks and libraries.)

*Seattle residents rank second across the nation in the reading of magazines on gourmet cooking, seventh in dieting and health magazine reading.

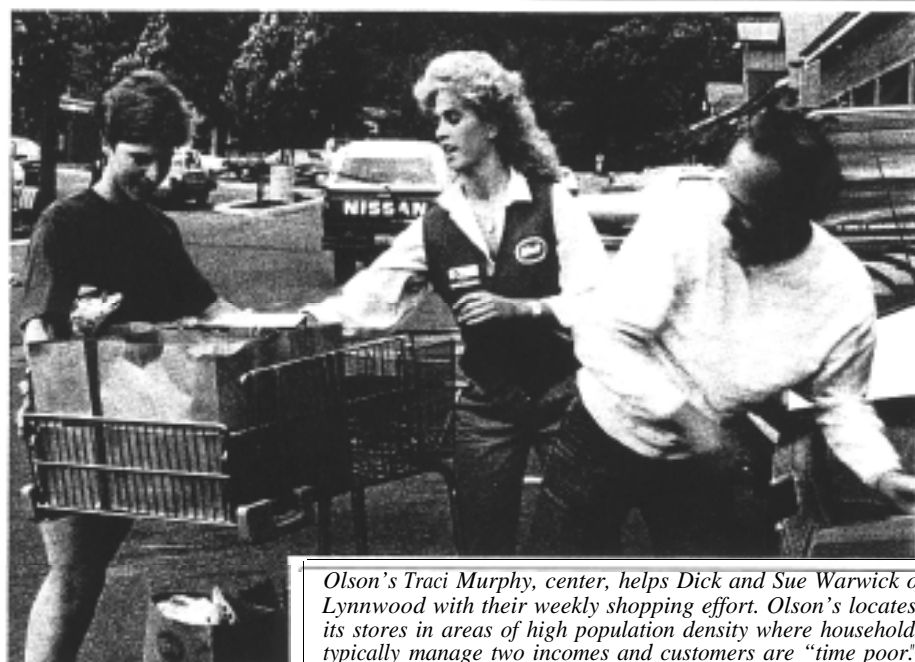
*Residents buy and read more books than those of any other city in the country.

*Twenty-four percent of the city's residents are college graduates, placing it in the top five cities of the country in the education of its populace.

*Seattle residents rank first of all American cities in frequency and percentage of foreign travel and second in the purchase of vitamins.

*Seattle is 44th among American cities in its amount of rainfall with less per year than Atlanta, Houston, Boston, New York, Philadelphia, and Washington, D.C.

"Fast becoming a foodie town, Seattle rivals San Francisco where folks talk and experiment in food or make special outings to sample a new chef, a new style."



Olson's Traci Murphy, center, helps Dick and Sue Warwick of Lynnwood with their weekly shopping effort. Olson's locates its stores in areas of high population density where households typically manage two incomes and customers are "time poor."



Investment counselor John Ollrogge of Mill Creek, Wa., weighs his choices when selecting some CAB rib steaks for grilling one Sunday afternoon.

Our Guarantee

We will never knowingly disappoint you. If for any reason your purchase does not give you complete satisfaction, we will cheerfully refund the full purchase price.

Morrie Olson

Olson's is an American success story, a free enterprise triumph with a twist. Unlike most father-son partnerships, Dad did not build an empire for Son to inherit. It was Morrie Olson who absorbed his father's fundamentals and refined them into a familiar feature on the landscape north of Seattle.

Ole Olson owned one store for nearly 15 years before the sudden growth spurt into the present multi-store business. He's quick to credit his oldest son.

"I really do, because I would probably have remained content with just one good-sized successful store. But not Morrie. He has the talent, the desire, and the determination to grow-and I've enjoyed being spurred on."

Consultant Dick Outcalt has something to say about that, about the qualities essential for successful retailing. He's been labelled "an M.D. for retailers" because he can diagnose and treat the illnesses these folk contract. From his 16 years of consulting, Outcalt outlines the reasons some stores close. He's found failure to come primarily from lack of leadership, vision, objectivity, and positive attitude.

Perhaps it could be said Olson's exercised all those good things when joining the CAB program. After all, it seems to be "pleasing people." AJ

Milestones and features of the Olson's Angus beef story

- Licensed on April 15, 1985.
- Purchases 120,000 to 160,000 pounds of Certified Angus Beef each month.
- Has seven stores on the CAB program.
- Most of their beef is supplied by Champion Boxed Beef, Denver.
- Features CAB exclusively (except for ground beef).
- increased beef sales by six percent throughout the chain, while most competing stores are experiencing declining tonnage.
- Reports negative comments from beef customers practically eliminated since starting the CAB program.
- Aggressively advertises CAB weekly and in their packaging.

("Olson's is always looking for the best quality products to offer our customers. So when Certified Angus Beef crossed our path, we grabbed it. ...")