

AHEAD OF WHAT'S NEXT

PROGRESSIVE **GROCCER**

August 5, 2013

Store of the Month: It Takes a Retail Village

By James Dudlicek



VILLAGE TEAM

Front row, from left: Hallie Noeske, food expert; Katie Swenson, deli/bakery manager; Sarah Peters, operations manager; Kit Keegan, assistant meat and seafood manager; Greg Sharp, assistant store manager, grocery. Back row, from left: Brian Kopp, general manager; Gary Bonk, produce manager; Gary Eagan, wines and spirits manager; Tres Lund, CEO.

Come for the groceries, stay for the electricity.

That's apparently what some folks are doing when going out of their way to visit the stunning new Lunds supermarket on Hennepin Avenue in the heart of downtown Minneapolis. Located in a retrofitted century-old building, the urban-concept store combines history with green technologies to deliver a shopping experience that's wowing and residents of, and commuters to, the city's Laurel Village neighborhood.

Among the impressed: a family that wrote to Lund Food Holdings CEO Tres Lund declaring their allegiance to the new store because it offers them a place to charge up their electric car. "It's a shock that our trade area reaches 32 miles out because we have electric car-charging stations," Lund says, noting the company may install the free service at other stores as well.

The charging stations – believed to be the first to be offered by a retailer in Minnesota – are at

- Minneapolis pop.:
ca. 390,000
- No. Supermarkets:
19
- Pop. per market:
ca. 20,530 *
- Lund's grocery
selling area:
15,300 sq. ft.
- Parking places:
4 per thousand
{ includes their
wine shop }
- * 100,000 during
business day
downtown

two of the store's 80 or so parking spaces, which, to great surprise, are rarely filled to capacity. "Our walk-in traffic is significant," Lund notes.

Because the store is on a city bus route with a stop right out front, it gets significant drive-by traffic, too. "When the bus stops, people run in, get their salad or something to take home for dinner, and get back on another bus," says Mike Edgett, senior project manager.

The high volume of pedestrians and commuters underscores the store's core mission to play up its street presence. "We need to make sure we're selling to the street," Edgett says, explaining how the store's expansive window displays are designed to catch the eyes of passersby, both on foot and wheels. "A lot of attention was paid to designing the fixtures so they could be seen from this corner."



layout: no "warehouse" look

We need to make sure we're selling to the street."
-Mike Edgett, senior project manager

It's all part of a concept being promoted by the grocer as an "urban retail village."

The Giving Trees

Opened in June after seven years of planning, the grocery store is housed in a building constructed in 1912 by the Reno Motor Co. Located within one of the earliest automotive buildings still standing on Hennepin Avenue, the store leverages the site's history and original aesthetics – such as its floor-to-ceiling windows that once showcased shiny new cars but now show off delicious food offerings – to create a truly unique environment. And it turns out that some of the store's most historic components are also among its most environmentally friendly.

Imaginative repurposing

Lunds salvaged all of the Douglas fir timbers that were reclaimed from an adjacent building that's now a wine and spirits shop; those beams are now used for dining counters and some specialty merchandising fixtures. In fact, there were enough of the original timbers – believed to be about 200 years old – that the leftovers will be used in Lunds'



next urban store, already underway in downtown St. Paul. Other reclaimed building materials include the ancient brick pavers in the sidewalk linking the grocery store with its wine shop next door.

Caleb Hoase

Lunds Hennepin Avenue
1201 Hennepin Ave

Additional nods to the past include vintage photos and historic car brands on the aisle signs, and even an exclusive custom line of Jones Sodas labeled with photos of the Hennepin Avenue location and other Lunds stores from days gone by. Eye level signage calls out other facts

1201 Hennepin Ave.,
Minneapolis, MN 55403

Grand Opening: June 14, 2012

Total Square Footage: 20,000

grocery store, 5,700 wine and spirits shop

Selling Area: 15,300 grocery store, 4,200 wine and spirits

* **SKUs:** 17,000

Total Weekly Sales: N/A

Employees: 75

Checkouts: Four cashier, four self-checkout

Store Hours: Daily 6 a.m. to midnight (grocery store); Monday-Thursday 9 a.m. to 9 p.m., Friday-Saturday 9 a.m. to 10 p.m. (wine and spirits)

Store Manager: Brian Kopp

Designer: Shea Architects, Minneapolis

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from days gone by. Eye-level signage calls out other facts about the building's history, as well as details about the store's energy-efficient LED lighting and refrigeration systems. "It's great to see the customers stop, read them and ask questions," says Brian Kopp, the store's general manager.

Many questions also came from green-minded applicants seeking employment at the store, Kopp notes. "They interviewed us," he quips, explaining that the store's downstairs bicycle storage area and showers are welcome on-the-job perks because "a lot of our employees don't even drive to work." Many customers are cyclists as well, Edgett notes: "We had to find a source for bulk twine so [wine and spirits] customers could tie 12-packs to their bikes."

Bicycle-friendly

Lund says the company's energy-saving projects have been "vast and significant," explaining that their long-term benefits – among them, 20 percent lower energy use – justify the higher front-end costs. In recognition of its efforts, Lunds is pursuing silver LEED status for the new store.

Meat and Greet

Serving a downtown area with a business population that can swell to 100,000 during the day, the store possesses many "fun social aspects," Lund says. "We're seeing a different ebb and flow or traffic patterns through the week."

While the store is a go-to lunch destination for the daytime business crowd, it pulls in more local folks in the evenings, "so they can see their neighbors," Kopp says. It's a pattern that remains steady seven days a week, he explains, noting the store's proximity to theaters, the convention center and Target Field, headquarters of the Minnesota Twins, whose home games also favorably impact traffic.

* SKUs =
stock keeping
units





PROTEIN GALORE

Meat selections include American-raised Kobestyle beef that's dry-aged for 21 days. "If you want it, from alligator to bison to elk, we can get it," CEO Tres Lund declares.

So do city events such as parades and block parties, Kopp says: "You have to be attuned to all the community calendars."

Lunds leverages its local ties at all of its stores, proudly noting that the state recently named it Minnesota Retailer of the Year. Signage at the Hennepin Avenue store, updated weekly, indicates local products offered – more than 70 just for produce among at least 2,600 storewide, plus more than 3,000 private label products. Placards above the produce call out the uses of various vegetables to help customers make selections.

Meaningful local partnerships

Lund stresses the company's close relationship with its beef supplier, a family operation in Washington state, with which the store's meat team has spent time to learn how the cattle is raised and processed, so they can convey that message to shoppers. "This is a meat program for the next generation," Lund says. Kopp adds that store associates "can describe the pastures the meat came from," while their sustainable seafood training makes for "great talking points with the customers."

Use + showcase local talent

Knee-knocker displays in front of the meat case feature complementary products such as sauces and seasonings. The tile in the butcher shop was made by a local artisan; all of the store's steel fixtures were fashioned by local artisan welders.



KEEPING THEIR COOL

Closed-door dairy cases help conserve energy.

Made-to-order sushi is popular with the business crowd, especially on "Sushi Wednesdays," when sushi trays that sell for \$7.49 the rest of the week are marked down to \$5. "It's amazing

how much sushi we sell," Kopp says. "It keeps ticking up every week." Salad and hot bars are also popular with the lunch and dinner trade, both for grab-and-go and those who linger.

Specialty cheese is "a signature area for us," says Phil Lombardo, VP of sales and marketing, with 250 varieties represented from around the world. In another close supplier relationship, Lunds' deli category manager helped develop a beer-flavored cheese exclusive to the store.

Because space is at a premium in center store, Lunds opted to limit the selection of sizes rather than the variety of products offered. "Most are one size, because we wanted the variety," Lombardo explains. "We want it to be a full shopping experience."

intelligent, ^{custom =} tailored stocking choices



EFFICIENT SERVICE

The deli department sits directly above the production area in the basement below, which supplies prepared foods via dumbwaiter. "That's done by design, so we could be as productive as possible," says Project Manager Mike Edgett.

Back to the Future

"We worked hard to bring in our color palette and still maintain the historic character," Lund says, while taking advantage of the original windows and other features. "We maintained the look and feel of a repurposed building." For example, the specialty cheese department is neatly

framed by a pair of original concrete support columns.

Anchoring the seating/dining area is an eating counter made from vintage timbers, placed against the large windows facing Hennepin Avenue. "People like to sit and watch the city go by," Edgett says.

Due to space limitations, Lunds uses a queuing system for the store's checkout lanes, a departure from its other stores. "It works very efficiently," Lund says, admitting that it takes away the "waiting for my cashier" experience of traditional stores. Half of the eight lanes are self-checkout, which Lund says are used for about 30 percent of all purchases.

While Lunds worked with an outside architect, "we drove the design attributes of this store," Lund says of the company's in-house design team. "When merchants are a part of the process, you elevate your competencies in a significant way."

Along with a food prep area, the 9,000-square-foot basement offers storage for produce, grocery, dairy and frozen foods, conveyed by a freight elevator that was originally used to move automobiles around the building for servicing. Kopp notes yellow and blue stripes on the floor that designate where everything goes, from carts and pallets to specific products. "They make it more efficient for us to figure out our inventory levels," he explains.



Use flood-plain area sensibly

We worked hard to bring in our color palette and still maintain the historic character."

—Tres Lund, CEO

More than 15,000 square feet on the building's upper two floors are being leased as office space, another part of Lunds' goal to promote downtown commerce.

In High Spirits

Housed in an adjacent building, Lunds Wines & Spirits features wines from such places as Argentina, New Zealand and Italy, along with a tasting bar, a walk-in cold beer vault, and a craft beer room offering nearly 300 labels, including dozens made in Minnesota (mixed 6-packs go for \$9.99). Décor includes photos of local brewers who have done samplings and "meet the maker" events at the store. Many wine bottles are merchandised on racks ringing the

support columns, the 360-degree displays offering better product visibility.

Built in 1914 as the Sturr-Bullard Motor Co., the building was originally a showroom for Nash and Ford vehicles. Vintage large carved oak panels continue to adorn the ceiling following extensive restoration and preservation efforts, which were able to save half the structure that fronts on Harmon Place.

The rear of the building was falling in on itself, Edgett explains, but in addition to salvaging the aforementioned timbers, Lunds was about to preserve one wall, to which a residential tenant of the building next door had lashed its outdoor decks. Retaining this wall allowed residents to maintain privacy from the store's parking lot, and the wall serves as a backdrop for a rain garden of native flora that collects rainwater, feeding an underground collection system so water can be released slowly to municipal drainage.

Think creatively about storm-water runoff



POPPED ON HOPS

The wine and spirits shop features wines from around the world and hundreds of craft beers, including numerous local labels.

The wine shop's glass-and-steel façade stands in stark contrast to the vintage brick structure; local preservation authorities prohibit re-created history, so any new additions had to be of modern construction, Lund explains. Space on the second floor above the store is leased to a fitness center, which partners with Lunds on nutrition programs for its clients.

When construction started on the wine shop, "It was scary to be in here," Edgett says, noting that in addition to extensive clutter, crews discovered an entire separate house that had been built within the building. Removing plaster revealed 200-year-old timbers, which, after being cleaned up, now look like new, right down to the original nuts and bolts.

In all, Lunds has created a grocery shopping destination that just looks like it belongs. Lund says the goal was for the store to become part of the community, not a fixture. Confident of success, Lunds has already broken ground on its next urban store, in neighboring St. Paul, scheduled to open in July 2013.

Flexibility regarding integration of preexisting features of site Assets

It's safe to say that Lunds has met the goal of being part of an "urban retail village" in fine style, and should inspire further development in its vibrant neighborhood.

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