

Store of the Month

Fork Lift by Nugget Markets,
Cameron Park, Calif.

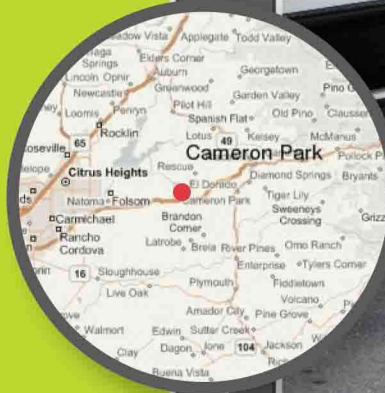


Highway to a Hybrid

Fork Lift by Nugget Markets is cruising as a next-generation lifestyle/price-impact concept supermarket. **By Meg Major**

When you come to the Fork Lift in Northern California's Cameron Park, take it. Especially if it's Fork Lift by Nugget Markets, which provides a case-study on how a once-underperforming warehouse supermarket successfully reinvented itself by spotlighting organic, local and specialty foods while maintaining its price-impact roots.

As its solo lifestyle/price-impact hybrid store — but not for long — Fork Lift is a unique member of Woodland, Calif.-based Nugget Markets' 16-store family dotting the greater Sacramento and Sonoma valleys, and most recently, Marin County, with Sonoma Market and Glen Ellen Village Market. Nugget's 12 namesake banner stores reside in an elite class of supermarkets around the country that set the high watermark for stellar store design, exceptional perishables and unrivaled service. Accordingly, the formation of Fork Lift, as a brand-new addition to the fold, was a calculated risk, but one that's paid off nicely since its debut in December 2014.



OUR FORK TO NATURE



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HYBRID HEROES

L-R: Store Director Randy Watson, Grocery Manager Daniel Moore and POS Manager Molly Lewis are integral to the proficient and productive 90-member Fork Lift team.

The 50,000-square-foot Fork Lift has hit its stride as a best-of-both-worlds destination store that seamlessly blends the special charms of the regional retailer's flagship banner with the utilitarian framework of its Food 4 Less forerunner. While the store's hipster vibe doesn't necessarily scream "no-frills warehouse store," Nugget Markets President and CEO Eric Stille affirms, "It's got the bones of a Food 4 Less." Those sturdy bones, he adds, provided an ideal canvas on which to tinker with a hybrid concept that took its main cue from its initial warehouse configuration, tricked out from there with ample inspiration from market trends and competitive dynamics.

The tease on the cover of this issue, "*The Ultimate Secret Behind Industry's Most Impressive Hybrid Warehouse Store*," is a direct nod to the 90-member Fork Lift team, each of whom, Stille says, is integral to the overall process of redefining what a warehouse store can be. Led by Store Director Randy Watson,

the New Age warehouse market embraces many of the format's hallmark features — such as bulk foods, a vast produce department and value pricing on conventional staples — while setting the differentiation bar a few decisive clicks higher in other departments yet staying true to its distinctive local roots.

Organics on Top

Upon entry, guests are greeted by a dynamic “wall of values,” which immediately conveys the store’s foundational warehouse roots with aggressive promotions of large-quantity national brands. A series of bulk food stations pepper the inside of the “walls” on the way to an expansive, vibrant produce department where organics “get top billing,” notes Watson. The three-pronged technique packs a powerful punch to immediately convey an inviting, “cheap chic” ambiance with a convincing formula that fuses a price-impact format with a lifestyle specialty grocer under one roof.

Fork Lift prominently plays up 12 lifestyle

Fork Lift by Nugget Markets

3333 Coach Lane, Cameron Park, Calif.

Grand Opening: December 2014

Sales by Department

Total Grocery (Includes Adult Beverage)	59.0%
Fresh Meat, Seafood and Deli	17.5%
Fresh Produce	14.9%
Bakery, Kitchen and Specialty Cheese	8.6%
Average Order Size	\$46.50

designations for specific product attributes, including organic, local (within 100 miles), non-GMO and vegetarian, which are showcased throughout



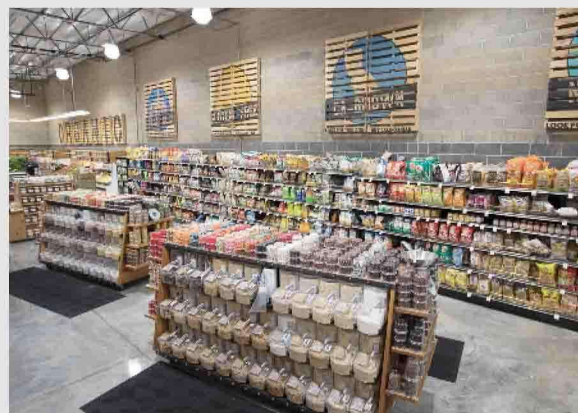
Produce

Organics and locally grown items get top billing in the show-stopping produce department, which is a star attraction of Fork Lift, whose mix features roughly 140 organic items and 160 conventional (fewer or more in either direction as the situation warrants). With produce deliveries six days per week and fresh-cut fruit done on-site daily, Store Director Randy Watson says Fork Lift features “one of the freshest fresh produce departments you’ll find in the state of California.”

Comprising about 15 percent of total selling space, the department is arranged in such a way that makes each set, if not each item, stand on its own. On the day of PG’s visit, Assistant Produce Manager Erik Diehl noted that the redesigned produce department “turned out great, because it has a very vast, open feel,” highlighted by large blocks of product that play up the natural beauty of fresh produce’s colors and sensory appeal. “It’s all about color, and inserting the proper color breaks with a keen eye to detail,” notes Diehl. In keeping with the store’s warehouse roots, “the majority of products are still presented right out of the box,” adds Nugget President and CEO Eric Stille.

Bulk Foods

A series of bulk food stations featuring hundreds of options invite guests to purchase as much or as little of their favorites as they want. Formerly housed in large tubs, Fork Lift’s bulk foods are now offered in bins that add an aesthetically pleasing touch that borrows heavily from the flagship Nugget Markets approach.



the store with pallet art and shelf tags, conveniently leading shoppers with special diets or product preferences to the appropriate areas.

To offer a helping hand when shopping for specific food categories, Fork Lift features shelf tags and high-visibility wall art denoting items suited for special diets or lifestyles.

Designed entirely by Nugget's in-house team, Fork Lift also houses an impressive selection of chef-prepared foods; an in-store bakery (breads baked in El Dorado Hills store and brought up daily); a service meat department featuring local and organic meats and made-on-site sausage; a full deli complete with build-your-own sandwiches, salad and grain bars, and fresh soups; and a well-appointed healthy living department. Beer lovers are treated to the largest selection on El Dorado County's west slope, while cheese lovers relish the specialty cheese counter.

Reflecting on the store's nine-month transition, Stille says the build-it-around-organics-and-they-will-come approach was unproven, yet ripe for experimentation. "Before the conversion,



the location was in the bottom third of the company's stores, so the time was right to mix things up," notes the fourth-generation grocer who leads the company started by his grandfather and great-grandfather 91 years ago.

Fork Lift's foray into full-tilt organics and natural began, Stille describes, "by dipping our toes in the water, beginning in the refrigerated departments, which enabled us to double the SKU count. As our commitment to natural and organics gradu-

Deli and Prepared Foods

Just past produce, en route to the deli and bakery, are expansive self-service salad, olive and grain bars and a full-service charcuterie. With more than 50 chef-prepared entrées, including vegetarian selections, Fork Lift's high-volume specialties are pre-packaged and made on-site. A vast assortment of signature dips, snacks and side dishes hailing from the nearby El Dorado Hills Nugget Market offer something for everyone.

Kitchen Manager Austin Triplett, who oversees the store's bakery and deli and who originally came up through the ranks via Nugget's coffee bars, says he's "loved every minute working at Nugget Markets, and now at Fork Lift. I really fell in love with the company, the people and the processes," largely as a result, he adds, "of knowing that the CEO knows you by name."

Fresh meals are a big hit with the Fork Lift crowd. "Our guests are really responding to chef-prepared meals that they can talk about with associates," says Triplett. "We really promote product knowledge with our team behind the counter, to focus on helping them make their meals — and lives — better, whether it be by knowing what pairs best, knowing what wine goes best with a dish and knowing what creations you can have with it." Triplett also gives kudos to Fork Lift's exceptional "sandwich connoisseurs," who thoroughly know their stuff. "We have so many guests that come in and just say, 'Make me whatever.' They trust us, and it's also fantastic that they're being more creative with themselves."



ally grew by adding more and more products to each department, we saw immediate sales increases as we went.” Consequently, he continues, “We felt we were onto something, and it just felt right when we moved on to produce, to take it at least 50 percent organics and see what happens.”

Elevating Itemization

The trial balloon took flight, and as momentum continued to build, the decision was made to remove

the 8-foot steel beams within the store, which, Stille says, “allowed us to double the SKU count up and down the grocery aisles, again focusing on natural, organic and specialty, while selectively adding conventional shelving where needed.”

When looking back on the before-and-after results, Stille says the journey to create Fork Lift was a learning experience on many levels. The original warehouse format “had heavy national-

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Specialty Cheese

A phenomenal point of difference for Fork Lift is its specialty cheese counter, at which 50 percent of sales are from items individually hand-sold to guests.

Directed by resident cheese specialist Robin Luke, the cheese department was the last added to the store, as it wasn’t part of the original conversion plan. President and CEO Eric Stille says, “We debated about adding service cheese,” which, as a service item, would potentially stray from the price-impact model. “But with a rock star like Robin, who serves as a concierge of the store, it’s helped complement the overall offering, and it’s been well worth it,” as evidenced by compounded 20 percent quarterly gains, and counting. “By far, this was the biggest divergence and commitment, but it also put us on the map for fresh, and we felt we just had to make a statement,” adds Stille.

“This store’s really fun,” beams Luke, whom Stille also refers to as “a cheese specialist extraordinaire.” “We have a lot of great guests, and it’s just been awesome to turn people on to good cheese,” she says.

Crediting “our awesome store director, Randy Watson,” Luke says, “The biggest thing about being a part of the Nugget family is the culture that provides freedom to explore and have fun.”

Exiting the corporate world for her “encore career,” Luke, who joined the company two years ago, is grateful for having the chance to do “something I am passionate about. Once people get to know me and become familiar with the cheeses they purchased” — often at her suggestion — she relishes the confidence entrusted to her to select new varieties for guests, based on their past experiences.

Luke collaborates with fellow department leaders to cross-merchandise with products like fresh produce, crackers, jams, bulk foods and deli meats. “We all kind of work together to create festive, fun pairings,” she says. “It’s a very cool, special family to be a part of, all focusing on one thing: making our guests happy.”

Bakery

Fork Lift’s in-store bakery belies its warehouse lineage. Fresh-baked scratch breads, such as rustic batards, Pugliese and sourdough, are big sellers and a particular point of pride for Kitchen Manager Austin Triplett. “Our El Dorado Hills store bakes our signature breads in stone deck ovens, using our own handmade recipes, and delivered to us daily,” he notes. The bakery also carries a variety of cookies, sweet goods and custom cakes, baked and decorated in-house daily.

Triplett, who has been with Nugget for three years, says the company’s culture of training and empowerment puts him on a fast track to become a foodie, “because of the people that so generously pour it into you,” such as CFO Dennis Lindsay and HR Director Mary Muller. “Dennis is the reason why I can walk in here confidently and actually know the numbers behind it,” Triplett explains.

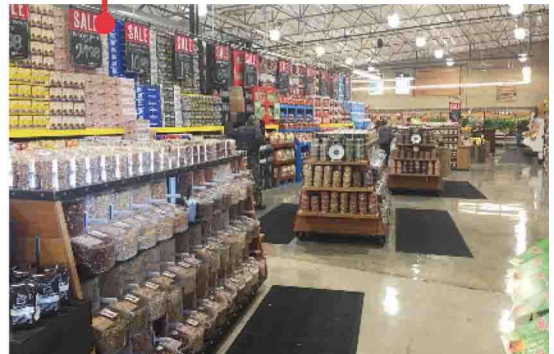
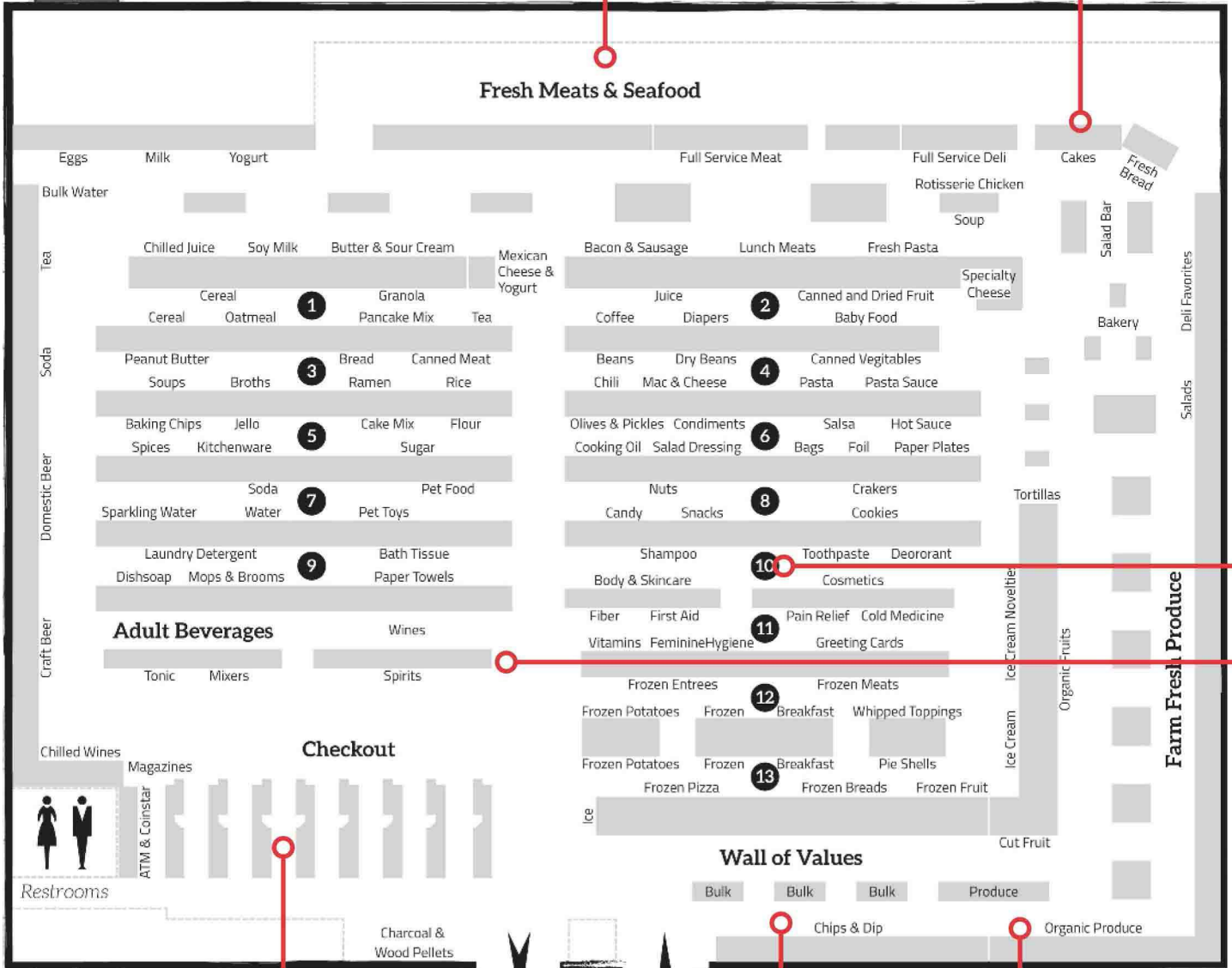


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Fork Lift by Nugget Markets, Cameron Park, Calif.

Fork Lift

Fresh Meats & Seafood





Meat/Seafood

Meat and seafood lovers have ample reason to applaud Fork Lift, which offers vast varieties of proteins in every pack size and flavor profile imaginable. While the unmistakable quality proposition is reinforced by a full-service meat counter offering fresh meat, fish, cut-to-order selections and some 140 entrées, the value message is heavily hammered home by an 85-foot self-service meat case featuring a wide variety of beef, pork, lamb and poultry. The bounty of the self-service case has the distinction of being the largest of its kind in the company.

With an impressive selection of value-added items spanning the full range of fresh fish, poultry, pork and beef, the mantra of Fork Lift's meat and seafood team — which also makes Nugget's signature Fresh to Market sausage daily — is simple: "Whatever our guest needs, we'll make it happen," affirms meat cutter Jonathan Haskell.

USDA Choice rules the Fork Lift roost, which is occasionally subject to change, depending on market conditions. "But we primarily prefer to feature Choice, which is always offered from the counter," notes President and CEO Eric Stille.

Fork Lift's meat and seafood leaders remain close at hand for recommendations and oven-ready specialties. Among the top trends that Haskell is seeing of late is greater demand for grass-fed beef and air-chilled poultry, both of which "are starting to pick up quite a bit." Featured items are rotated based on seasonal preferences, and at the time of *PG's* visit, oven-ready items were abundant, including such on-trend favorites as whole stuffed bacon-wrapped semi-boneless chickens, stuffed game hens, and roasts.

Special orders are also popular at Fork Lift, especially during the holidays, for which the meat and seafood teammates are well prepared. "We've got our system down pat, and when they come in, they show us their order 'valet' number, [and] we've got it wrapped, numbered, and ready to rock," Haskell asserts. The same applies on an everyday basis for special orders, which are a welcome service offered by the hybrid warehouse market.



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brand presence, and we were disappointed with its performance.” Conversely, at the conclusion of the rebranding, Fork Lift emerged at the top third of the company’s best performers, which Stille observes was “exponentially earned by double-digit-on-top-of-double-digit increases,” primarily by itemization changes, including an additional 20,000 new items.

“The biggest change of all was the itemization,” Stille says, noting, “It really shows the power of organics, which is what guests in this particular area were looking for.”

Each departmental overhaul was analyzed to ensure that labor savings were maximized “in order to allow us to stay as close [as possible] to our roots of a price-impact store,” which Stille says helped define “our own brand of hybrid that marries the best of a price-impact and best of a lifestyle store.”

The decision has proved to be both favorable and fortuitous — but not without teachable moments.

“While we didn’t discontinue a single Hispanic item with the

conversion, because we chose to integrate products versus offering strictly Hispanic-focused aisles, we lost the Hispanic shopper slowly, which was not our intent by any means,” admits Stille. “That was the one downside of the conversion, but we’ve since stepped back to ask where we went wrong.” It’s an important question, he adds, “because we plan to convert our Woodland store to Fork Lift as well, but we’re going to focus on a definite heavier Hispanic focus,” including the addition of a fresh department.



Refreshing the Promise

While the store’s traffic flow has remained the same, its predecessor had no service departments prior to conversion. “So it was a big transition balancing the required efficiencies of a price-impact format that’s still designed for volume against wanting to elevate the fresh element,” explains Stille, noting that Fork Lifters survey the competition weekly to maintain the store’s value-pricing proposition.

To that end, Fork Lift significantly expanded prepared foods, many of which hail from the nearby El Dorado Hills

Nugget Market. Stille observes, “We have a small kitchen here with limited production, with 50 percent of the prepared foods and bakery items being brought in,” which he says is both prudent and productive. “It’s playing off of both brands, but Fork Lift has differentiated itself. It is still a warehouse store with a Nugget feel.”

Indeed, the wide aisles and easy-to-navigate floorplan offer “a little more divergence” beyond a grid for “a pallet drop,” notes Stille. “We’re touching the displays a little bit more, which gives us the ability to bring in unique items, along with a choice between organic and conventional,” he adds. “While we always have our price-impact hat, at the same time we’re still looking to merchandise in such a way that speaks to freshness first, as well as uniqueness.”

Based on the success of the item mix and adherence to remaining aggressive on pricing, Fork Lift added a service gourmet cheese department roughly a year after the store reopened, which further proves that a price-impact format can still be fun, without feeling sterile.

In terms of design, the polished concrete floors and exposed ductwork ceiling are intact from the original store, while new aisle markers and artwork, all created in-house by hand, are designed to stimulate the senses “to let the product speak for itself,” according to Stille.

Another noteworthy departure from the former



Healthy Living

Fork Lift’s healthy-living section is stocked full of quality brands, Fair Trade products, and Nugget’s own line of Fresh to Market vitamins, produced by Vitamer. For recommendations and suggestions, guests can consult with Healthy Living Specialist Aman Notra, who enjoys interacting with customers to help them find the best products for their needs.

model was the addition of baggers, which Stille says was carefully deliberated prior to proceeding. “But adding baggers actually helped the productivity of the checkers, while further enhancing the shopping experience, so it wasn’t as high of an expense as we originally thought,” he explains, characterizing the move as all part of the give-and-take of the price impact evolution.

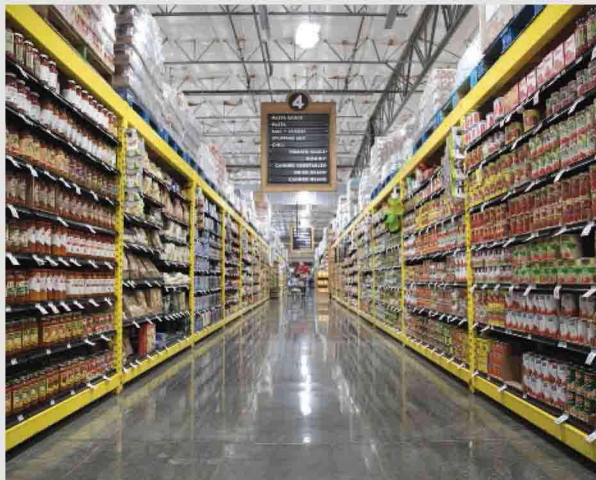
Reflecting on the process that hoisted Fork Lift into a league of its own, Stille enthuses: “It was pretty cool, and very fun watching it come together, especially for the associates, because they were giving it their all. But once we acknowledged we were selling something that the guests really didn’t want, it all fell into place — thanks to people that made it happen.” **PG**

Beverages

If you’re thirsty, you came to the right place. Fork Lift’s single-serve drink case, which runs the full length of the store, features a staggering array of beverages of all kinds. Offering every drink option imaginable — from juices to waters to soda and sparkling beverages — the stars of the show are geared to adults, in a tremendous growth spurt from its former limited-assortment choices. “Adult beverages was somewhat of an Achilles heel in the original store,” explains President and CEO Eric Stille, “but after doubling the dedicated space, providing far greater choices is what drove the increases,” a strategy that he says pertains to the vastly expanded wine and spirits department as well. “It’s been a night-and-day difference.”

The self-serve wall features the largest selection of microbrewed beer east of Sacramento, which follows the lead of the widely popular craft beer scene, “which has brought a whole new awareness and appreciation [to] our guests, many of whom have switched from wine,” notes Stille. The craft beer movement, he asserts, “has truly re-energized the category.”

Fork Lift also features an extraordinary selection of local, domestic and imported wines, about which the department’s team of stewards and experts are ready to answer questions and offer suggestions. “What makes it fun for our team here,” Stille believes, “is the room to do some creative merchandising and aggressive promotions.”



Grocery

Among the many aspects that Grocery Manager Daniel Moore savors most about his role is the ability to size up — and quickly seize, if so desired — an unexpected selling opportunity with something “I can throw out on the wall and know I’m going to beat anybody in town.”

In addition, Moore says that the “sheer selection in our aisles has been tremendous for this town,” where he’s lived for the duration. “I started at this store when it was Food 4 Less, and although I wasn’t here immediately after the conversion, the opportunity to come back and run the grocery department has been a fantastic experience.” Further, based on direct feedback from his friends and family, Moore affirms: “The community loves Fork Lift. They can come here now and get everything they need without going anywhere else,” to say nothing of its value-driven cred.

“There’s nowhere else like Fork Lift, which features abundant displays of grocery staples at excellent prices,” he adds. “You can’t really explain it until you’re here. And then you’re like, ‘Holy moly, this place is awesome!’”