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Kroger brings super-sized store to market

Houston Business Journal - by Allison Wolfram

The Kroger Co. has picked the town of Rosenberg to roll out the first Houston-area Kroger Marketplace, a concept twice the size of the chain's traditional grocery stores.

"Think of a Signature Kroger store with an expanded general merchandise selection," says Gary Huddleston, consumer affairs director for Kroger Southwest.

The Kroger Marketplace is slated to open in Brazos Town Center in Rosenberg in the fourth quarter of 2009 and will be the second of its kind in Texas.

The 125,000-square-foot store is designed as a one-stop shopping concept for customers, with a store within a store called Kitchen Place offering gourmet kitchen utensils, plates, linens, grills and pottery.

A full-service grocery store will share space with a bed and bath section, home-office products, electronics, furniture and outdoor living items.

Huddleston says the Cincinnati-based grocer chose Rosenberg because of the potential for future growth. Development continues along the southern sector of U.S. Highway 59, and the store will cater to the target demographic of growing families.

Brazos Town Center, a 550-acre, mixed-use project developed by Houston-based NewQuest Properties, located at U.S. 59 and FM 726/Reading Road, is surrounded by expanding residential communities.

The new store is expected to employ a staff of 200.

Jack Belt, vice president of development for the Greater Fort Bend Economic Development Council, notes the grocer didn't receive any economic incentives from the county, but opening such a landmark store in the area is "very huge" for Rosenberg and the surrounding area.

Belt says the location on U.S. 59 rather than the more historic U.S. Highway 90A is also very significant.

"There is a lot of concern from existing Rosenberg residents and business owners about making sure the old downtown and commercial areas get plenty of redevelopment and revitalization attention, but they will," says Belt. "It's a classic case of growth in the area making the pie larger."

Sizeable competition

While many retailers downsize and curtail expansion plans, grocers in the Houston area continue to pursue a strategy that bigger is better.

On Nov. 7, H-E-B Grocery Co. opened the chain's second-largest store at 9710 Katy Freeway.

The 127,900-square-foot H-E-B Bunker Hill Market was designed as a combination of H-E-B food and drug stores and Central Market stores.

Cyndy Garza Roberts, director of public affairs for H-E-B in Houston, says the San Antonio-based grocer plans to open one other large-format store with H-E-B Sienna Market in Sienna Plantation on Jan. 21.

Competition is heavy in the large-size category, says Lorrie Griffith, who covers the food and grocery industry as editor of the Atlanta-based Shelby Report.

Griffith says many retailers have several sizes of stores in their "arsenals" that they can choose to build depending on the demographics and real estate conditions. She notes that Wal-Mart Stores Inc. has the option of building a Supercenter, Neighborhood Market or new-concept Marketside store, depending on the area.

She says Kroger's Marketplace format is designed to give customers a place where they can get almost anything they need, which especially appeals to those seeking convenience.

"Kroger works to be price-competitive and offer high-quality merchandise in all departments, so as long as they do that, they should be successful, especially since grocery shopping has increased versus restaurant visits in recent months," says Griffith.

Huddleston says Kroger looks at the larger store as more of an investment than a risky venture in a down economy.

"In Houston there are still parts of the market that we believe we can serve much better," says Huddleston. "Any type of capital expenditure in this market is risky, but we're focusing on the growth of our company in this very competitive market."