

Sunflower Farmers Market enters tight grocery market

Wild Oats founder returns to Boulder with new store

Alicia Wallace, Camera Business Writer
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In 1987, Boulder residents got to know a store called Wild Oats, and in the early days of the natural foods grocer, they could easily get to know the company's owners.

The home phone number of Mike Gilliland and Libby Cook was printed on the side panels of the grocery bags.

Twenty-one years later, Gilliland may be far removed from what was Wild Oats -- a company now under the wings of larger rival Whole Foods -- but when he opens a health foods grocery store in Boulder this week, he'll be kicking it old-school.



Gilliland is putting his home phone number on the opening flier welcoming shoppers to Sunflower Farmers Market's first store in Boulder.

"It's kind of like the old days," Gilliland said with a chuckle. "It'll be interesting."

The homecoming starts at 7 a.m. Tuesday when Sunflower's 14th store, located at 2525 Arapahoe Ave., opens its doors to the public. The official "grand opening" is scheduled for Wednesday.

Despite opening in a time when food prices are on the rise and in an area where eight grocery stores -- four of which are owned by Whole Foods -- operate within two miles, Gilliland said Sunflower will be successful, noting his chain's mission to offer natural and organic foods at rock-bottom prices.

"We think we stack up pretty well price-wise, variety-wise, quality-wise," he said. "We feel pretty good about being in the hubbub."

Price-conscious

Gilliland co-founded Sunflower and opened the chain's first store in 2002, one year after he and Cook left Wild Oats. Since that time, the Boulder-based company has opened handfuls of stores throughout the Southwest.

The concept was inspired by Henry's Farmers Markets, a Southern California chain acquired by Wild Oats in 1999. The smaller stores that boasted a farmers' market-esque appeal stacked up well against the competition, namely the Austin, Texas-based Whole Foods Market, which sometimes would take 30 percent to 40 percent of Wild Oats' business, Gilliland said.

Sunflower markets are smaller than the typical Whole Foods, carry similar natural and organic offerings and a touch of conventional products, Gilliland said. To appeal to a broader demographic, he adds, the company offers those products -- especially produce -- at low prices.

Sunflower is able to do so by self-distributing, sourcing directly, shrinking the margins and incorporating private labels, he said.

"There's a lot of people that enjoy buying natural foods but don't want to pay the Whole Foods-type prices," he said.

A focus toward lower prices in a time when grocery costs are 5 percent higher than this time last year could allow Sunflower to benefit, said Brian Todd, president and chief executive officer of the Food Institute, a nonprofit organization that provides information on the food-service industry.

"In kind of a high-end market, there may be an advantage to a chain like that," Todd said. "A lower priced player coming into that market may have advantages for the time being."

Located in a former United Artists movie theater, the 23,000-square-foot store features high ceilings and a farmland mural painted on the wall where a movie screen once was. The layout is a little unique in some places, said Peter Waldmann, Sunflower's new store development director, who noted a big grade on the west side of the building.

The departments and offerings are not too different from other Sunflower stores, but for Boulder, the store will have organic meat and a greater percentage of organic produce. Here, 40 percent of the produce will be organic and the remaining 60 percent will be a mix of natural and conventional.

Those proportions will be adjusted as necessary in respect to sales, and prices will be lowered in respect to the competition, he said.

Jacqueline McGinty, 32, a nutrition educator, said she definitely plans to go to Sunflower when it opens. She provides nutrition information to low-income people, so she said she always has her eyes out for options for them.

"The cost of food is outrageous," McGinty said.

Crowded market

Sunflower will have no shortage of competition when it opens.

Not only are there eight grocers operating within two miles -- there could be nine, depending on what Twenty Ninth Street's operators decide to do with the empty grocery store on the southern edge of the mall.

Despite being just a half-mile from Sunflower, King Soopers' 30th Street grocery store should not be negatively impacted, said Trail Daugherty, King Soopers spokesman.

"This is nothing new to us," Daugherty said in a message. "We competed successfully against this chain in other areas, and we expect to compete successfully against them in Boulder."

As a result of its acquisition of Wild Oats last year, Whole Foods now operates four grocery stores in Boulder.

Will Paradise, the president of Whole Foods' Rocky Mountain region, expressed similar sentiments to those of Daugherty as Whole Foods already competes with Sunflower in some markets.

"I think it just shows the ongoing growing demand that there is for that market," Paradise said.

There already is competition for the food dollar among many different players, he added, noting that he doesn't think Gilliland is "gunning for Whole Foods or Whole Foods is specifically gunning for him."

However, both Gilliland and Sunflower's Waldmann said their interest was piqued by an advertising campaign that recently showed up in area Whole Foods stores. Giant banners, hung over the produce department and in the front of the store, tout "Don't be fooled" and tell customers to beware of "vague" natural and organic claims.

"It seemed a little strange that they put that vague message out there and it's coincidental it's a couple of weeks before we come to town," Gilliland said. "I guess it's a compliment if they are reacting to us."

Paradise said the campaign was not in response to Sunflower or any other specific grocer. It's among a variety of programs that the company has to show points of differentiation and to spur dialogue and further education about the meanings of natural and organic, he said.

"As a mission-driven company, there's a lot of things that we do," he said.

Paradise said he does expect some regular Whole Foods customers to scope out the new arrival in town.

"That's human nature," he said. "I think people will go there and some people will see something different and think that will be great and others will think, 'Well, now that reaffirms why I've been shopping at Whole Foods.'"

Leaving the Whole Foods market at 2905 Pearl St. on a recent weekday, Mike Carruthers said he had heard about Sunflower and is tempted to check it out.

Whole Foods "is more convenient coming and going, so I probably wouldn't be a regular," said Carruthers, 50. "But I'll be interested to see it."

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Facts

Founders: Mike Gilliland and Libby Cook

Number of stores: 14 (including the new Boulder store)

First store opened: 2002

Recent investment: \$30 million

Plans for growth: To have 50 locations in five years