

## GROCERY, continued from Page A1

put the margins at about 1.5 percent after expenses and taxes.

Gilliam said there's a reason for only one grocery store in Keizer currently.

"I want to be frank without being negative about the situation in Keizer," he said. "I have heard about the concern that Keizer only has one grocery store within the city limits and the idea of how to attract other stores. In this case, the consumers have shaped the market."

Gilliam expanded on that.

"Keizer citizens have decided how many grocery stores will be close through their own shopping routines," he said. "That is, they don't shop in Keizer. It was less than (four) years ago Keizer had three grocery stores; two chains and one independent. Two of these stores found that there wasn't enough volume from Keizer citizens to justify the cost of operation, and at 1.5 percent margin, you can't stay very long when you're losing money."

"It may be hard to accept, but Keizer residents' shopping habits only justify essentially two local stores: the Safeway in the center of town, and the Fred Meyer at your southern border that has a normal service area for a retail store that encompasses Keizer, essentially making it a local store," Gilliam added.

At January's town hall meeting, several people mentioned driving around the area to either chase sales or lower prices. Andy Orcutt, whose father Sam Orcutt operated a small grocery store for years in the building now housing J.C.'s Pizzeria, noted those habits only hurt stores.

"The grocery business is tough and margins are very low," the former Keizer mayor said at the meeting. "Stores do loss leaders to bring people in. When everyone is driving down the street for the loss leader, no one is making money."

Gilliam said that only spreads the money out further instead of keeping it in Keizer.

"Part of this acceptance is to understand that convenience does not equal volume," Gilliam said. "If customers drive across Salem to chase price or selection, but only shop in town when it meets their need for convenience, then the available local volume is distributed away from Keizer and over the entire greater Salem area."

In an economic analysis done on Keizer a few years ago, it was found six out of seven working Keizerites work outside the city. Gilliam said that also works against Keizer stores.

"If most Keizer residents work outside of the city and commute back and forth between Salem or other cities, residents are stopping to shop in other areas before returning to their own town," he said. "This isn't a criticism, it's just an observation of how consumers shop. For example, if I am returning home from work, what is the easiest access (in and out) on my way home?"

"City boundaries between Keizer and Salem don't matter much when you're trying to shop, pick up the kids, prepare a meal, do homework and get to soccer practice," Gilliam added. "Convenience is not defined by where you reside, but where you are at the moment you need to get your shopping done. If you leave Keizer on a regular basis, then you are likely to shop outside of Keizer as well."

Grabenhorst pointed out the Haggan debacle wasn't about economics in terms of shoppers but of the chain itself.

"By their own shopping habits, Keizer shoppers didn't offer enough volume to keep two out of three stores."

— Joe Gilliam

"They bit off more than they were ready to take care of," he said of the chain that went from 18 stores to 164 thanks to regulations in place due to an Albertsons/Safeway merger. "Whenever someone takes a bite like that, you have to wonder where they are financially. They didn't have the backing to bite off the chunk."

In November, WinCo spokesperson Michael Read told the *Keizertimes* there isn't one particular thing the company looks at when deciding where to open a new store.

"There are a variety of economic and demographic things," Read said at the time. "The big thing is how close our nearest location is. We also look at the demographics of a community, traffic patterns, visibility, just dozens and dozens of factors. We continue to look at locations in states we currently do business in."

Grabenhorst said bigger chains crunch numbers internally, while smaller companies rely on local people to sift through information.

Gilliam said the idea of attracting a new grocery store

driver's side window when officers who were on foot quickly approached him and took him to the ground and into custody."

Otero was taken to the Marion County Correctional Facility and charged with one count each of first degree robbery, unauthorized use of a motor vehicle, attempting to elude a police officer, third degree escape and first degree criminal mischief.

Anyone with additional information can contact Officer Jeremie Fletcher at 503-390-3713 ext. 3467.

Kuhns is glad nothing escalated with last week's incident.

to Keizer is tricky, based on history.

"By their own shopping habits, Keizer shoppers didn't offer enough volume to keep two out of three stores," he said. "To provide an incentive for a new store to come to town, the city would have to offer a substantial artificial subsidy (e.g. property tax breaks) to make a store viable. But then what about the one store that is currently servicing the limited volume? Now they are at a competitive disadvantage to the new store, and with limited volume, they too may exit the market as the others did in the past. Now Keizer is back to one store and losing money on the subsidy. You may be able to offer the subsidy to both stores to level their market, but this gets expensive pretty quick and other non-grocery retailers will want the same subsidy to level the overall playing field."

Christine Dieker, executive director of the Keizer Chamber of Commerce, also referenced the history.

"Grocery stores have to look at what Keizer will support," Dieker said. "We can all say we want this or that, but will Keizer pocketbooks support a place like that? When we had the three grocery stores here, it was a struggle."

Gilliam said shopping local would need to be a priority in order to attract a new store.

"If Keizer citizens want to have more grocery retailers, then the city and/or the chamber need to begin an education process of the value of shopping local and keeping their dollars at home," Gilliam said. "If this message doesn't resonate with Keizer citizens, then there is no harm in letting Keizer residents shop outside the city and accept the shopping choices that support the volume of business citizens are willing to distribute in the city."

Mayor Cathy Clark points to another way citizens can help.

"When a business considers coming, they are looking for a number of things," Clark said. "The more positive we can be, to be the kind of community they would come to, the more receptive they will be to come here. If there are fights, there is a negative light. We want to portray we are a welcoming, warm community, that we are a place they want to do business. That is part of messaging everyone in our community can help with."

"I am convinced the answer is going to be yes for a company or companies," the mayor added. "They have to do their diligence. Clearly we have the population base. Clearly we need another grocery store. The one full service store within city boundaries is extremely busy."

"We have a couple of patrol vehicles that sustained moderate damage, but our priority is to protect the public from dangerous individuals such as this who pose an immediate danger to them," he said. "Thankfully the fleeing suspect didn't make it to the busy intersection at the Salem Parkway because I fear that would not have ended well. The suspect forced our officers to make several split second decisions. The officers performed exceptionally well and quickly took the suspect into custody, thereby eliminating the risk he was to the public."



## Yard, Garden & Home Show

**Friday, March 18<sup>th</sup>**  
**11 am - 6 pm**

**Saturday, March 19<sup>th</sup>**  
**9 am - 6 pm**

**Sunday, March 20<sup>th</sup>**  
**10 am - 5 pm**

- Get ideas for Your Yard & Garden

- Meet the Experts

- Your Best One-Stop Shop for Home Improvement Ideas, Products & Services

- Take Advantage of Home Show Discounts & Special Pricing

- One entire building filled with landscape display gardens

**FREE**  
**ADMISSION & PARKING**

**Oregon State Fairgrounds**

Sponsored by:



**GREEN ACRES**  
LANDSCAPE

led #7389, ccd #198925

[www.HomeBuildersAssociation.org](http://www.HomeBuildersAssociation.org)

OR-000360246

## ARREST, continued from Page A12

of him. When the suspect maneuvered to try to get around the first vehicle that attempt to impede him from traveling any further, the stolen vehicle and Keizer Police vehicle collided. When the collision occurred both the stolen vehicle and Keizer Police vehicle crashed into the other pursuing police vehicle and all of the vehicles came to an abrupt stop. The suspect was climbing out of the

**OREGON SYMPHONY**  
15/16 SALEM SEASON  
Sponsored in memory of Dixie Kenney

FRIDAY | APRIL 8 | 8 PM

**Elgar's  
Symphony  
No.1**

Carlos Kalmar conductor  
Augustin Hadelich violin

Mendelssohn:  
*A Midsummer Night's Dream Overture*

• Adès:  
*Violin Concerto, "Concentric Paths"*

Elgar: *Symphony No. 1*

[orsymphonysalem.org](http://orsymphonysalem.org) or 503-364-0149  
Smith Auditorium Willamette University

**60**  
SEASONS  
diamond  
anniversary