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Grocers jockey for position in organic food fight

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Three major grocery retailers roll out ambitious Lower Mainland expansion campaigns

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Grocers flogging organics and natural food options are rolling out the heavy artillery in an increasingly buoyant Lower Mainland marketplace.

A spike in consumer awareness and demand is not only fuelling market expansion in the specialized grocery niche, it's also convincing major food companies to build bigger stores that offer more products and services.

Capers Community Markets, Choices Markets and Whole Foods Market are all expanding or planning to expand over the next three years.

Aron Bjornson, marketing manager for Capers Community Markets, estimates that the organic food industry has grown 20 per cent in Canada in the last year.

Capers' three outlets will be joined by a fourth next April. The 20,000-square-foot store at Cambie Street and West 16th Avenue will be the chain's largest. Its stores currently range from 8,500 square feet in West Vancouver to roughly 12,000 square feet at its Robson and West Fourth Avenue locations, according to Bjornson.

He added that over the next three to five years, Capers, which celebrates its 20th anniversary this year, is looking to add up to three new stores in the Vancouver market. He added that the company is also planning to open locations in Calgary.

Whole Foods, which entered the Lower Mainland market in September 2004 with its store in the Park Royal Village, plans to open a large new outlet at Cambie and West Eighth Avenue in mid- to late 2008.

But Bjornson expressed little concern about the expansion plans of the Capers competitor.

"We have found because there is such tremendous growth and awareness from consumers in natural and organic [foods] that increased competition doesn't equate to cannibalization," said Bjornson. "It equates to more awareness, growth and excitement."

But he conceded that Capers' West Vancouver store has suffered a drop in its sales since the opening of the Park Royal Whole Foods Market.

Sales at its Robson Street and Kitsilano locations, he said, remain strong.

Casey Morton, team leader for Whole Foods' West Vancouver outlet, said store sales continue to exceed company expectations and that the competition is driving increased business and food awareness. Morton said Whole Foods is building larger stores. Its new Cambie Street location will be around 50,000 square feet; the Park Royal store is around 38,000 square feet.

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Locally owned Choices Markets, meanwhile, has also determined that bigger is better in the 21st-century grocery game.

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Its 20,000-square-foot South Surrey/White Rock location, which opened earlier this month, is the largest of the company's six Lower Mainland stores. Choices CEO Mark Vickars said annual sales from the chain's stores continue to grow and Choices remains on the lookout for expansion opportunities.

"We still think there's lots of growth in Vancouver and the Lower Mainland," he said. "And obviously Capers and Whole Foods feel the same."

Capers is owned by Boulder, Colorado-based Wild Oats Markets, Inc. (OATS: NASDAQ); Whole Foods Market, Inc. (WFMI: NASDAQ) is based in Austin, Texas.

Retail analyst James Smerdon of Hudema Consulting Group Ltd. said the increasing market demand for specialized grocery stores is the next phase of supermarket retailing development.

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