MARKETING MATTERS

By Richard D. Czerniawski

October 10, 2018

Musings on Brand Decline and Failure

My wife is saddened that Treasure Island Foods is shutting its doors on Friday, 12 October 2018. Treasure Island Foods, has been a staple in the Chicago area, owned and operated for 55-years by the Kamberos family. Julia Child described Treasure Island Foods as "America's most European supermarket", but that was a long time ago. My wife will miss their cut of prime meats, European specialty items and the friendly workers who made you feel welcome and special for shopping there.

Christ Kamberos, founder of Treasure Island Foods along with his brothers, pursued innovation, traveling the world to be at the forefront in bringing specialty foods (like organic produce, albeit ahead of demand, in the early 1970's, and prosciutto among other items), unique at the time, to Chicagoland. He had a passion for fine food, and his customers. He was intent that they had a superb eating experience resulting from shopping his grocery and partaking in the culinary delights he made available to them. He passed away in 2009 leaving his family to run the business.

Yet while it occupied a unique position in the marketplace it traveled a similar route of another long-time Chicago-area grocery chain, Dominick's, which was founded in 1918, and at its closing was a subsidiary of Safeway Inc. The company went belly-up in 2013, 93-years following the opening of its first store.

What might be at the root of Treasure Island Foods' and Dominick's failure? Since I have not undertaken a thorough postmortem analysis I can only point to what appears, on the surface, to be rather obvious and a sound lesson to marketers, regardless of their category.

Let's start with *the passing of ownership and resultant death of passion and innovation that contributed to meaningful differentiation for each.* Perhaps, with the passing of Christ Kamberos the company slipped from being first at delighting its customers with specialty foods. In the case of Dominick's, which helped usher in the food-drug combo and then the Fresh Store concept (fresh "prepared" foods, instore restaurants and cafes – including Starbucks, European design and feeling), Safeway, the parent company, discontinued and replaced it with its national store format. Where Dominick's purchased produce and meats on quality first, price second, Safeway did the opposite. As is often the case, the passing of the guard from entrepreneur - who originates a unique positioning, to professional management - that doesn't fully embrace and, in the instance of Safeway-Dominick's, even reverses that positioning, contributes to eroding the uniqueness that made them special. In doing so it breaks the special relationship and bond with customers and leads to the eventual decline of the enterprise.

Another factor may be *a glut of fast-moving, aggressive competition*. We have a plethora of choices in the Chicagoland area. There's Walmart, Target, and Aldi at the low-end. Then there's the high-end Mariano's Fresh Market, founded by Bob Mariano who was instrumental in Dominick's Fresh Store concept, Whole Foods – now part of Amazon, Valli's International Fresh Market and The Fresh Market. Let's not forget Jewel-Osco, which purchased many of the Dominick's stores (as did Whole Foods and Mariano's). Jewel-Osco caters to a broad segment of the population. There's also Pete's Fresh Market, a host of ethnic and produce markets too. While there may be fewer grocery stores than a few years ago, they're bigger, cheaper and/or fancier.

It takes savvy and nimble management to stay afloat in this sea of choices. Obviously "fresh" is now a cost of entry as opposed to a core differentiator. What new concepts come and prove successful others will quickly follow suit. It requires *pro*sitioning (i.e., evolution of the brand's positioning strategy) with constant innovation in concept, store design, merchandising, shopper experience, and operations. It takes continued investment in the stores and customers. Certainly, it also requires sound financial management to control costs. One might also find it will require other important intangibles such as a knowledgeable, friendly and helpful staff of trained employees.

Treasure Island Foods lost the innovation advantage and Dominick's surrendered it due to a loss of passion, commitment to innovation and the guiding hand of their founders to *pro*sition and invest in their brands. This was compounded by the many entries that populated and invested heavily to satisfy currently defined shopper segments. These factors contributed to the ultimate demise of these two storied brands.

My wife will miss Treasure Island Foods, and so will I. But then we have so very many choices that will replace what we believe we have lost. Treasure Island Foods will be replaced, just as Dominick’s was soon replaced.

Richard Czerniawski

Richard D. Czerniawski

430 Abbotsford Road

Kenilworth, IL 60043

847-256-8820

847-312-8822

richardcz@bdn-intl.com

www.bdn-intl.com