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Section: Local

Shoppers' tastes are changing

By Lucy Sutherland

The recent bankruptcy of Winn Dixie, once among the most profitable of U.S. grocers, is a sign of tumultuous times in the nation's retail food industry, according to Karen Brown of the Food Marketing Institute, a national trade association. Exploding competition and rapidly-evolving consumer tastes are leaving many national supermarket chains struggling to survive, she said.

But while food retailers grapple with a rapidly-shifting market, Hannaford Brothers, the Portland-Maine-based company which bought Victory Supermarkets from Arthur P. DiGeronimo Jr. last year, is thriving, according to recent financial reports released by the company.

Rick Meyerkopf, vice president of retail operations for Hannaford Brothers, said by offering a larger variety of products at consistently low prices, Hannaford Brothers can still compete with Shaws and other national chains.

Meyerkopf said product variety is crucial, since sweeping changes in consumer tastes -- especially for organic products -- "are happening faster than they were a few years ago." The company will add about 2,000 additional brands to Victory Supermarket shelves over the next year, including Hannaford Brothers' signature brands, he said.

One signature line, a collection of organic products called Nature's Place that will be sold in what Meyerkopf described as "a store within a store," makes Hannaford Brothers unique and helps it to compete with more upscale chains.

Reaching out to Hispanic and Asian shoppers

Meyerkopf said the Hannaford Brothers will also respond to the shoppers' growing demands for ethnic food. Brown applauded this move and said a greater variety of Hispanic, Asian and other ethnic foods will also help Hannaford Brothers to compete in its new markets.

"Two of the fastest-growing populations in the country are Hispanic and Asian," she said. These populations are growing rapidly in North Central Massachusetts, a trend Meyerkopf said he wants to leverage by having more Hispanic and Asian foods.

Hannaford, which operates 140 stores, mostly in New England, is owned by Delhaize Group, a Belgian-based conglomerate. They also have stores in the South.

DiGeronimo said Delhaize, which operates about 1,500 hundred U.S. stores in 16 states under multiple banners, values Hannaford Brothers' understanding of the Northeast market. "Hannaford is really a New England company," DiGeronimo said.

Strong sales

Hannaford Brothers executives declined to comment on recent sales figures, but according to a preliminary 2004 earnings report released by Delhaize in January, sales at the Hannaford Brothers' chain remained "strong" last year. The same report said Delhaize increased U.S. sales by 1.9 percent last year, pushing the company's U.S. profits over the \$15 billion mark in 2004.

When asked why previously successful chains such as Winn Dixie are struggling, Meyerkopf said Winn Dixie didn't keep up with changing shopper tastes and expectations. "(Winn Dixie) didn't stay current (with customer demands)," said Meyerkopf.

Brown said larger, better-financed companies like Hannaford Brothers are well-suited to compete in a crowded market because they offer better product variety and lower prices. "One of the things that's been going on is blurring of the lines of retail...Everybody is in the food business."

Meyerkopf, who is managing the transition of Victory Supermarkets' 19 Massachusetts stores to the Hannaford Brothers brand, agrees with Brown's analysis.

He said as an exploding number of competitors, including Wal-Mart and high-end grocers such as Whole Foods Market, are competing in greater numbers with traditional supermarkets.

Terry Donilon, a spokesman for Shaw's Supermarkets, also agrees with Brown.

He said while the amount of dollars being spent at food retailers has not increased significantly, "the pool of competitors has increased dramatically."

Shaws began offering online shopping last year to better compete in a crowded playing field, a service Hannaford Brothers does not offer its customers.

Meyerkopf said the company will probably add pharmacies at the two Leominster stores, which will also be renamed under the new Hannaford Brothers brand in the coming year. He added that Hannaford Brothers will be investing "millions" in renovations of the Victory Supermarket chain, including the two Leominster stores, also in the coming year.

The renovations will include new exterior signs and upgrades of the stores' interiors, he said, without offering further details. Winn Dixie, Meyerkopf said, like many other U.S. supermarket chains that have struggled, suffered from dilapidated stores that drove customers away. "They didn't invest in (renovations) at their stores," he added.

DiGeronimo looks forward to seeing Hannaford Brothers grow the stores they acquired from him, the first of which was launched in 1923 on Mechanic street. "I hope they succeed with it, I really do," he said.

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