

Opportunities in Baltimore, but Not for Shoppers

AS FANS of the HBO series *The Wire* know, the bodies are always falling in Baltimore, keeping the homicide detectives plenty busy.

Now the supermarket industry is in the game. The latest victims are A&P's SuperFresh stores, many of which have been placed up for sale in Baltimore and the surrounding region. The question is, who's able to step up and take over their turf?



Local observers don't seem to believe that Supervalu's Shoppers Food & Drug has the muscle. The chain's 19 stores in the market, which includes six surrounding counties, have the No. 3 grocery share at 7.6%, well behind No. 1 Giant of Landover with 22% and trailing No. 2 Safeway with 9.9%, according to data from Metro Market Studies, Tucson. Shoppers' share slid 0.6 points vs. a year ago.

Shoppers has been having a tough time in this market, said Jeremy Diamond, an analyst with Baltimore-based Diamond Group, citing a couple of recent store closures. They run that warehouse style format on such a slim margin, and it's hard for them to make a profit.

Shoppers stores generate average sales of about \$20 million per store, according to a recent report by Karen Short, a New York-based analyst with BMO Capital Markets.

BALTIMORE

COMPANY	STORES	2011 SHARE %	2010 SHARE %	PT. CHANGE
Giant Food	39	22.0	22.1	-0.1
Safeway	25	9.9	10.5	-0.6
Shoppers	19	7.6	8.2	-0.6
Food Lion/Bloom	30	6.4	6.2	+0.2
Costco	4	5.5	5.4	+0.1

Includes Anne Arundel, Baltimore (City and County), Carroll, Hartford, Howard and Queen Anne's counties.
SOURCE: Metro Market Studies.

Diamond said he sees some of the strong local independents, including Mars Super Markets, with 16 stores in the market and a 5.2% share, as potential buyers for some of the SuperFresh sites in the area. Mars is scheduled to open a new store in Bel Air, Md., later this year in a former SuperFresh location.

Stop, Shop & Save, another local independent, also could be in the market for some of the SuperFresh locations, Diamond said.

I see Shoppers sitting on the sidelines, trying to fix what they have, and sticking to their game plan, he said.

Food Lion, based in Salisbury, N.C., has a strong presence in the market, where it also operates the Bottom Dollar discount format, but hasn't been too aggressive in its expansion

efforts recently. Its share was up 0.2 points in the past year, to 6.4%.

Harris Teeter also is making inroads in the market, with one new store in development, and Wakefern's ShopRite banner also is pressing into the region with a new store opening last year in Glen Burnie, Md., operated by licensee Collins Family Markets.

Shoppers has a lot of competition for that No. 3 spot behind Giant and Safeway, Diamond said.

[Bob Gorland](#), vice president at site-selection and consulting firm [Matthew P. Casey & Associates](#), Clark, N.J., said it appears Shoppers has struggled to maintain the volume necessary to be successful with its large stores.

Giant and Safeway have done a lot of remodeling, and opened replacement stores, and there have been some new Wal-Mart supercenters, and more are coming, he said. A couple of years ago, Shoppers was the price leader, but it has lost its price leadership.

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