

Regional Report: PriceRite banner joins arsenal for Wakefern members

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Independent members of the [Wakefern Food Corp.](#) cooperative have a potentially powerful new growth vehicle at their disposal.

Confirming longstanding industry speculation, Wakefern last week said that it was now allowing its independent members to own and operate the PriceRite discount format in addition to ShopRite conventional stores. The first such independently owned PriceRite — and the first PriceRite discount store in New Jersey — will open later this year in Garfield, N.J., under the ownership of Inserra PriceRites, a division of 22-store ShopRite operator [Inserra Supermarkets](#), Mahwah, N.J.

Wakefern currently operates 55 PriceRite stores in seven Northeast states. Sources said the decision to tap into the 50-member co-op as owners could trigger a rapid rollout of the discount banner, providing entry into store spaces and demographic markets that can be difficult fits for ShopRite's conventional format today. Furthermore, the addition of a discount brand in markets where ShopRite already dominates conventional grocery space could curtail competition from discounters like [Save-A-Lot](#), [Aldi](#) and [Food Basics](#) as well as [Walmart](#).



“The PriceRite stores already under the current management are all very well-operated, so I don’t see there being a big difference in operations between those stores owned by cooperative members and the current stores under Wakefern ownership,” Bob Gorland, a Harrisburg, Pa.-based VP at site selection consultants Matthew P. Casey & Associates,

told *SN*. “The difference I see is that with more hands available to run these stores, we would potentially see them open up more units.”

The Garfield unit was the only member-owned PriceRite opening confirmed by Wakefern management, although sources told *SN* that several were under discussion, including a former Pathmark site in Camden, N.J. Wakefern typically does not confirm store opening plans until a lease is signed.

Delicate negotiations

The introduction likely also required delicate internal negotiations, sources said. As co-op members don't have territories, decisions to award sites are made by the cooperative's real estate committee, which considers a wide range of factors, sources said.

Initially launched by Wakefern in the 1980s as a “mini-club” to combat the expansion of warehouse clubs, PriceRite was reintroduced as a low-cost, deep discount grocery brand in 1995. The chain does not run a weekly ad or do traditional advertising, and customers are encouraged to use their own bags or to buy them as needed for 10 cents each. Stores tend to locate in second-generation sites of around 39,000 square feet, allowing for a wider selection of produce, perishables and branded goods than competing discounters like Aldi and Save-A-Lot, along with a wide selection of PriceRite private label goods.

PriceRite officials in a presentation late last year said the brand was seeking sites in areas where the average household income did not exceed the low \$60,000s. Its stores see an average of 20,000 to 25,000 customer visits a week. ShopRite stores by contrast tend to attract 30,000 to 35,000 visits weekly. That brand chooses sites based on population counts regardless of income levels, officials said.

The 41,000-square-foot Garfield store most recently operated as [A&P](#) before closing in 2012. The site originally belonged to Pathmark.

“I am so excited and grateful for the opportunity to bring a PriceRite to the Garfield community,” Lawrence Inserra III, president of Inserra PriceRites, said in a statement. “My family has been in the grocery business for 60 years, providing me with an amazing blueprint for how to take care of the people you work with and for. I look forward to working with an incredible team for an incredible town and hope that amongst a variety of competition, our quality, price and people attract the community to PriceRite.”

Northeast Roundup

Key Food reopens in Rockaway

A Key Food store closed for more than 1½ years following damage from Hurricane Sandy has reopened in Rockaway Beach, Queens. Nearly destroyed in the October 2012 storm, the store has been rebuilt and renovated by owner Rafael Diaz, a member of Staten Island-based [Key Food Stores Co-operative](#). Renovations included all new equipment, as well as energy-efficient lighting systems. “I have been a part of this neighborhood for 23 years,” Diaz said. “Rebuilding and coming back to serve this wonderful neighborhood has been my priority since the devastation hit, and I am so happy to finally open my doors and give this community an even better shopping experience than before.”

Whole Foods cuts prices in Boston

[Wegmans Food Markets](#)’ imminent opening in Chestnut Hill, Mass., has prompted [Whole Foods Market](#) stores there to aggressively slash prices on staple items — a strategy one analyst said would help Whole Foods make up for business lost to the new competitor with share from other area grocers, including [Roche Bros.](#) and [Shaw’s](#). According to Andrew Wolf, a Boston-based analyst at BB&T Capital Markets, around 10 Whole Foods stores stand to be affected by Wegmans openings in Massachusetts, including the Chestnut Hill store later this month, and planned locations in Burlington and Westwood. In preparation, the Austin, Texas-based natural foods giant has lowered prices by an estimated 16% on some 500 items, narrowing its pricing gap with Wegmans, Wolf said.

Objections to UNFI warehouse in N.Y.

A labor coalition is calling for state authorities to rescind a \$14 million tax deal to facilitate a new [United Natural Foods Inc.](#) distribution center under construction in Montgomery, N.Y., citing results of an investigation into the agreement between UNFI and the Montgomery Industrial Development Agency. The investigation, completed last month by New York’s Authorities Budget Office, noted the IDA committed several errors of procedure and disclosure in the course of granting the tax package last summer. However, an IDA spokeswoman told *SN* last week that construction of the \$55 million, 525,000-square-foot facility was proceeding. The warehouse is expected to open later this year.

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