

Grocery Wars: Supermarkets face new challenges as consumers shop around

[Joan Verdon](#), Staff Writer, [@JoanVerdon](#) Published 5:00 a.m. ET Sept. 17, 2017



(Photo: Anne-Marie Caruso/NorthJersey.com)

Audrey Zona's weekly grocery shopping starts Sunday morning with a trip to the Stop & Shop near her Franklin Lakes home. But it doesn't end there.

During a typical week she will buy groceries for her family at four or more stores. She buys her favorite brand of almond milk at Whole Foods, specialty items like cauliflower-crust pizza at Trader Joe's in Paramus, and vegetables and herbs at Abma's Farm in Wyckoff. ShopRite in Ramsey, Nicholas Market Foodtown in North Haledon, and Peter's Fish Market in Midland Park also get a share of her food budget most weeks. And there are half a dozen other stores she visits at least once a month.



Back when she was growing up in Wyckoff in the 1970s, her mother made one grocery shopping trip, to one store, once a week.

- [Supermarkets face new challenges](#)
- [Grocery guru dishes on where to shop](#)
- [How NJ supermarkets compare](#)

"Who does that now?" said Zona, 51, a personal wellness coach. "I would rather hit a store every day and buy my meat fresh or my fish fresh. I'd rather take the extra 15, 20, or 30 minutes and go daily than go once a week."



Audrey Zona of Franklin Lakes is a perfect example of the changing way people shop for groceries today - She buys her food at three or more different food stores each week. Zona talks about her shopping routine to The Record. Anne-Marie Caruso/NorthJersey.com

Slicing up market share

Zona's shopping habits are typical of many Americans these days. Two years after the bankruptcy of A&P caused a seismic shift in the North Jersey grocery landscape, there is still disruption in the industry.

Last year, Americans spent \$668.6 billion in supermarkets, and \$20 billion on online grocery purchases, according to research by the Food Marketing Institute and Nielsen. The competition for those food dollars now includes food retailers of all styles and sizes: large and small, niche and mainstream, upscale and discount. Warehouse clubs and even drug stores are all looking to grab a piece of the market. And online retailers are becoming an even bigger player.

GROCERY GURU: [Supermarket super shopper dishes on what to buy and where](#)
NORTH JERSEY GROCERY STORES: [How the competition stacks up](#)

Online purchases are expected to increase five-fold by 2025, and top \$100 billion by that year, growing from roughly 3 percent of supermarket sales to more than 20 percent.

And with the [opening of Wegmans](#) — a Rochester, New York-based supermarket with a cult-like following — in Montvale on Sept. 24, the competition just got a lot tougher. The new arrivals over the past two decades — Walmart, Whole Foods, Trader Joe's, and Aldi, the discount chain owned by the same German family that owns Trader Joe's — have pushed traditional supermarkets like ShopRite and Stop & Shop to keep up.

They have expanded their organic produce and offer prepared food and takeout meals. They have boosted their online inventory and home delivery capabilities in response to Amazon's growing threat. And they are watching nervously as Amazon lowers prices at its newly acquired partner, Whole Foods.

And companies have to do this in a densely populated market where there's not much room to build, and available real estate is limited. Expansion is only likely to happen if an existing store closes.

Even so, Wegmans may find itself [facing tougher competition](#) here than anywhere else in the country. In North Jersey, it is going up against supermarket operators who are among the best in the business — and who've had years to get ready for its arrival.

Store closings

The collapse of A&P, once the largest food retailer in America, is a grim reminder of what happens to grocery stores that don't change with the times. Its 2015 bankruptcy closed 90 stores in New Jersey, including 26 A&P and Pathmark stores in Bergen and Passaic counties — some of which are still empty.

Last week, Acme, which took over 10 former A&P and Pathmark stores in North Jersey

in 2015, said it is [closing its Bergenfield store](#). Acme saw the A&P stores as an opportunity to re-enter the North Jersey market, after closing most of its older, small stores here. The company was also in expansion mode as its parent, Albertsons, prepared for a stock offering that has since stalled. Critics say Acme underestimated how fierce the competition is in North Jersey.

Now, a powerhouse competitor, Wegmans, is poised to further shake up the shopping habits of North Jersey residents with a 108,000-square-foot store in Montvale, which will be the first Wegmans in Bergen County.

The Montvale store will be the ninth Wegmans in the state. Because the company builds 100,000-plus square foot stores, they can't put a store in every neighborhood, and they space their stores far apart.

But, industry experts say, one Wegmans store can impact competitors miles away. Generally, when a neighborhood supermarket opens, one nearby store might be impacted, said Jon Springer, senior editor of Supermarket News. When a Wegmans opens, he said, eight or nine stores may see a sales shift. "They have much more of a regional impact than a supermarket typically meant to service a particular neighborhood," he said.

Raising the bar



The grand opening of Wegmans in Hanover was held on Sunday, July 23, 2017. Doors opened at 7am. (Photo: Amy Newman/NorthJersey.com)

Wegmans raises the bar on service and quality, said Jon Hauptman, senior director of supermarket and food industry data and research firm Inmar Willard Bishop. "So shoppers begin to view and judge all stores a little more critically," he said. Wegmans has fierce fans. In July, about 24,000 people shopped the grand opening in Hanover — and about 2,000 of them were in line by the 7 a.m. opening.



Amy Newman/NorthJersey.com

The chain regularly tops polls not only for customer satisfaction — high quality, low price, big selection — but as an employee-friendly workplace. "You can't beat the quality of the food," said Susan Davis of Wharton, who pulled an all-nighter in the parking lot to claim the honor of being the first customer at the Hanover Wegmans. "And it's a happy place. These people love what they do, and it comes through in their product." The changing habits of food shoppers have increased the competitive pressure. The majority of grocery store customers today "are spreading their business across multiple stores," Hauptman said. "They have a list for their primary supermarket, and they have a list for their secondary

supermarket, and they have a list for an alternative format, like a Costco or Walmart," he said. Or, in North Jersey, a Whole Foods, Trader Joe's, Uncle Giuseppe's, Hmart, or one of dozens of specialty food stores.

Two big questions face North Jersey grocers: Which list will Wegmans end up on? And which stores will fall off a shopper's list because of Wegmans?

Supermarket stakes

There's no shortage of places to buy groceries in New Jersey.

The three largest traditional chains — ShopRite, Stop & Shop, and Acme — add up to 50 stores in Bergen and Passaic counties. The other chains — Whole Foods, Trader Joe's, Kings, Foodtown, Key Foods, Aldi, Costco, BJ's Warehouse, and Fairway — bring that total to over 100. Then there are dozens of independent grocery stores, like the Market Basket in Franklin Lakes and Steve's Market in Ramsey, and ethnic markets like Seasons kosher supermarket in Clifton and Hmart, the Asian supermarket chain with six stores in Bergen County.

In the Supermarket News' ranking of the top 75 food sellers in the country, which includes food giants like Walmart, Kroger, and Costco, four New Jersey-based companies are listed among the top performers: Keasbey-based Wakefern Food Corp., the parent company of the ShopRite chain, and three of its affiliated ShopRite owners, Mahwah-based Inserra Supermarkets, Freehold-based Saker ShopRites, and Village Supermarkets in Springfield.

New Jersey is an attractive target for supermarket chains looking to expand. The population density means there are enough food shoppers to support multiple stores in close proximity.

“Let’s face it, Jersey’s one of the most densely populated states in the country, and supermarkets are benefiting from that,” said Matthew Casey of Matthew P. Casey & Associates, a New Jersey real estate analysis firm specializing in supermarket properties.

Grocery store expansion in North Jersey is limited, however, by real estate, with spaces for large stores unavailable, unless a supermarket closes. New stores tend to encroach on rivals' territories, and have prompted lengthy court battles, such as Stop & Shop's fight to block a ShopRite from building an adjacent store in Wyckoff, and a ShopRite effort to block the East Hanover Wegman's.

The strength of Wakefern and its ShopRite operators, industry experts say, has kept some large traditional chains out of the state. It's a big reason why Kroger, the largest traditional supermarket chain in the country, didn't make a move into New Jersey when there was an opportunity to grab former A&P locations.

Ready for the fight



The Stop & Shop in Wyckoff is one of the stores that has been remodeled to add a sushi counter, juice bar, expanded produce department, and other new features (Photo: Marc Levine/Stop&Shop)

In the face of growing competition, the two biggest supermarket chains in New Jersey —ShopRite and Stop & Shop — have been renovating their stores and expanding their specialty items and prepared foods. Both companies are promoting their own natural and organic brands in their stores, Wholesome Pantry at ShopRite and Nature's Promise at Stop & Shop.

ShopRite is considered a leader on two fronts: low prices and veteran employees, many of whom have worked in the same jobs for decades and know their regular customers.

"Because they have the local ownership, with the scale of a big company, they sort of combine the best of both worlds," said Springer, of the Supermarket News. "They can be responsive to what the particular neighborhood wants and at the same time offer it at a price that's comparable with the biggest guys in the market,"



The custom meat case the newly remodeled ShopRite in Ramsey. Inserra Supermarkets is known for its in-store butchers. (Photo: Chris Pedota/NorthJersey.com)

Inserra Supermarkets recently completed extensive renovations of its ShopRite stores in Northvale and Ramsey and is embarking on remodels in Hillsdale and West Milford. It also is moving ahead on construction of its 23rd ShopRite, the Wyckoff store that was the subject of a court battle with Stop & Shop.

In the remodeled stores, Inserra Supermarkets added locally grown and organic produce and expanded and upgraded the produce, prepared food, butcher and seafood departments. At the Ramsey store, a display case keeps live oysters and clams bathed in a continuous stream of salt water.



Larry Inserra talking with customer Teresa Circelli of Tuxedo Park, NY at the Inserra ShopRite in Ramsey. (Photo: Pedota, Chris, Chris Pedota/NorthJersey.com)

'We know what our customers want'

Lawrence Inserra Jr., chairman of the supermarket company his grandfather founded, says his family has seen many changes in how North Jersey residents shop for groceries in the nearly 80 years they have been in the food business.

"The power of our family-owned ShopRite stores is that we are in the stores each day and we know what our customers want," Inserra said.

Now, the fourth generation of the family has become involved in the stores. Lindsey Inserra, Lawrence Inserra Jr.'s daughter, has been named vice president for corporate health and wellness, and has led efforts to bring more organic, gluten-free and specialty items into the stores. She also oversees the in-store dieticians who are available to help customers with diet and nutrition questions.

ShopRite has also invested heavily in technology to support online and mobile ordering. The Ramsey store fills an average of 325 online orders a week.

But, Inserra said, the human touch is just as important for online orders as it is when someone is standing at the deli counter. Trained employees serve as personal

shoppers and get to know their online customers and know how thin they like their deli meats sliced or how ripe they like their bananas.

Stop & Shop, ShopRite's closest competitor in North Jersey, has also been improving its stores and adding gourmet and fresh departments. Its remodeled Wyckoff store, which was unveiled Sept. 8, added a juice bar, a self-serve olive bar, and a sushi counter with a sushi chef on duty.



A sushi chef working at the newly remodeled Stop & Shop in Wyckoff. (Photo: Marc Levine/Stop&Shop)

Time to take stock

Veteran supermarket operators say they constantly have to respond to changing consumer habits, tastes, and new competition to survive — and that the arrival of Wegmans simply means they have to keep doing that.

“Wegmans is definitely a good competitor,” said Judith Spires, president and chief executive of Kings Food Markets. “I think every time a new entry comes into the marketplace it has you step back and take stock and then reinforce your point of differentiation.”

The Kings difference, Spires believes, is providing the highest quality chef-prepared foods, in what she calls “an intimate shopping experience.” That means Kings shoppers “know their fish monger, their butcher, their person who makes their

sandwiches, the person who cuts their cheeses,” she said.



Kings Food Markets is located at 112 N Maple Ave. in Ridgewood. Wednesday, September 13, 2017. (Photo: Kevin R. Wexler/NorthJersey.com)

Being in affluent communities with train stations in New Jersey suburbs for over 80 years helped Kings build a loyal customer base, she said. Being “ahead of the times” on high-quality prepared foods that can be reheated at home has helped Kings “build a new customer base” of millennials and those important “secondary” customers who make Kings one of several places where they shop.

Kings is unabashed that its high quality comes with higher prices. Customers, Spires said, want to feel that what they are purchasing is worth the price.

“It doesn’t necessarily mean you have to be the cheapest,” she said, because customers understand there are costs involved with high quality food. Rather, Spires said, “our value equation has to have the customer walking away saying ‘it was so worth it.’”

Wegmans, with its large stores, and departments where shoppers can sample a piece of cheese or watch the pizza coming out of a wood-fired oven, turns grocery shopping into theater.

“They give the impression that they know about and care about food in a way that’s

different than other supermarkets,” said Supermarket News’ Springer. But they also keep prices down on the staples in the middle aisles of the store. “That’s a combination that’s hard to pull off,” Springer said. However, Hauptman said, the multi-store shopping trend means most shoppers won’t completely abandon their favorite stores — even for a Wegmans. “The good news is that not all is lost when Wegmans comes to town,” he said. “Sure people will want to try it out and bask in the experience, but then they will individually decide what list Wegmans falls into for them. Is it my stock up list? Is it my fill-in list. Or is it my special-occasion list?”