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> Stop & Shop Expansion Continues With Foodtown Buy

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[Ahold USA](#)'s appetite for acquisitions is taking a bite out of Foodtown.

Ahold's Stop & Shop last week reached tentative agreement on the purchase of five Foodtown stores in New Jersey from Norkus Enterprises, a Foodtown operator based in Point Pleasant, N.J.

The deal, which officials said could be completed in May, is for Foodtown and Super Foodtown stores in the New Jersey shore towns of Freehold Township, Manalapan, Neptune City, Point Pleasant Beach and Long Branch, according to Mark Norkus, vice president of Norkus Enterprises. A purchase price was not disclosed, and other details were still being worked out, Norkus said.

Stop & Shop in a statement acknowledged the tentative agreement but said it would not make a formal statement until the deal is finalized.

Observers said the deal would bring Stop & Shop well-located and high-volume stores in demographically attractive neighborhoods, but cost the Foodtown Supermarket cooperative one of its oldest and largest members.

They are some of the better Foodtown stores in New Jersey, Matthew P. Casey, a supermarket location strategist with Clark, N.J.-based Matthew P. Casey & Associates, told *SN*. In terms of presentation, volume and market share, they're as good as any Foodtown out there the site in Freehold, especially. It's a good, smart move for Stop & Shop. They bought some good stores in

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The deal would leave Norkus with only one store, in Freehold, N.J., but observers said it was likely that Stop & Shop would not want that location. Norkus also operates several wine and liquor stores.

Mark Norkus declined to say why the company was selling its stores, but sources said the group has been a subject of attention from potential acquirers for years. The family-run company traces its roots to Francis Norkus' Table Talk store in 1935 and is run today by his sons Gerry, Mark and Stephen Norkus.

One observer, who spoke under the condition of anonymity, said, □I think Gerry has seen the limitations that Foodtown has, recognizing as much capital as his stores need and Foodtown needs, and I think he's wisely taking some chips off the table. □

Bill Donohoe, president of Foodtown Supermarkets, told *SN* last week that the co-op has a right of first refusal on any member store sales, and would examine the details of Stop & Shop's offer before coming to a decision on whether to match Stop & Shop's offer.

He described the defection as a □negative□ for Foodtown, but added it was likely some Norkus volume would be absorbed by stores operated by Food Circus, a neighboring co-op member. Foodtown has good momentum otherwise, he added, with a new store opened recently in the Bronx, N.Y., and another in Brooklyn, N.Y., scheduled to open this week. And Foodtown's board of directors last week gave its approval to a new member to join the cooperative. Donohoe declined to mention the new operator, citing an ongoing financial review.

□We have a lot of positive momentum happening, and if the stores go to Stop & Shop, it's just a setback,□ he said. □We don't own a warehouse, we're an advertising and marketing arm for the co-op brand, and we can ratchet that up and down easier than we can if we ran our own warehouse. □

The co-op as of last week included 19 operators and 66 stores located in New York, New Jersey and Pennsylvania.

For Stop & Shop, the buy could strengthen its presence in a market where sales have improved, in part as the result of the struggles of competitors [A&P](#) and Pathmark. Officials of Ahold have said the company is in acquisition mode.

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