

Food Lion Redraws Its Footprint

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SALISBURY, N.C. — [Food Lion](#)'s decision to reduce its presence in several markets throughout the Southeast, combined with its planned conversion of 64 Bloom and Bottom Dollar stores to Food Lion, shifts the banner's geographic concentration to skew more heavily to its northernmost markets and opens up market-share opportunities for rivals in the South.

Of the 113 planned Food Lion closures, almost three-fourths are located in Tennessee, Georgia and Florida. The 25 Florida closures — plus one conversion of a Food Lion to Harvey's in Lake City — will pull the Food Lion banner out of Florida completely.

Most of the stores Food Lion is planning to close are leased locations, a spokeswoman for the chain told *SN* last week, noting that it is working with its landlords on subleasing and other opportunities for the sites. The closure will enable the company to focus on what it calls its "rebranding" strategy — a combination of changes related to price image, convenience, private label and produce quality — in its core operating areas, she said.

After the conversions and closures are completed, Food Lion projects having 1,127 stores in 10 states.

Observers said many of the Food Lion sites slated for closure are older locations where the competitive dynamics have changed.

"From the many stores I'm familiar with, the company appears to be intelligently ridding itself of low-volume or under-performing stores that are generally in extremely competitive areas where new competition has opened over the years or is slated to open in the future," said Robert Gorland, vice president in the Harrisburg, Pa., office of site consulting firm Matthew P. Casey and Associates.

Among the markets Food Lion is exiting completely is Jacksonville, Fla., where the chain was the No. 4 food retailer with a share of about 7.7%, according to Metro Market Studies, Tucson, Ariz. [Publix Super Markets](#) (37.2%) was No. 1, [Wal-Mart Stores](#) (21.3%) was No. 2, and [Winn-Dixie Stores](#) (16.8%) was No. 3.

Cliff Taylor, senior vice president, Prime Capital Group, in the Jacksonville office of CB Richard Ellis, said he expects many of the 20 or so Jacksonville Food Lion stores to be repurposed.

“I think you’ll see a fair amount of those boxes probably refitted to a non-grocery use,” he told *SN* last week. “Most of these Food Lion locations are 20 years old, plus or minus, and the criteria that led to those locations being selected may not apply any more today.”

Taylor noted that most of stores are in the 30,000-square-foot range — smaller than the typical boxes that companies like Publix and Winn-Dixie would operate. In addition, the demographics of the locations suit themselves better to price-oriented operators like Save-A-Lot and Aldi, both of which are expanding in the state, he noted.

The Food Lion stores in the market would make a difficult buy for by a single operator, Taylor said, because the sites are scattered among a variety of landlords.

“What we are likely to find is that those locations are going to be done pretty much piecemeal,” he said.

Other markets where Food Lion is shutting a large number of stores include Chattanooga, Tenn., where 11 Food Lions are closing.

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