

Changing Landscape Makes Business Difficult for Supermarkets

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By Erin Delmore

Correspondent

John Sullivan's been working in grocery stores for the last two decades. He started by managing deliveries and he worked his way up. Now he's the store manager at [Shop N Bag in Farmingdale](#), which his sister and brother-in-law own.

"You know, some people, if they asked me, do I want to open a supermarket, I'd say you're nuts. I'd say stay out of it," he said.

That's because the industry is expanding. And with expansion comes greater competition. There are actually more places selling groceries today than when Sullivan started in the business. And food prices are higher than ever.

"You know, a lot of people can't do the big shop any more. They're just doing what they can afford. Economy is, you know, they say it's good but it really isn't. You got people coming in and asking for \$2 worth of ham, or you know they're buying whatever's on sale, because they gotta support their family. People just, you know, brand loyalty, but now it's just, they're buying what's on sale," Sullivan said.

Last week, a Stop and Shop in Manalapan shut its doors. That's in addition to three supermarkets in Monmouth and Ocean counties last month. A ShopRite relocated from Lakewood to Howell. Another, plus an ACME, closed — all since January. Industry analysts expect [A&P](#) — one of the biggest companies in the country 50 years ago — to file for Chapter 11 as early as this week, although A&P says no decision has been made.

“For lack of a better phrase, the world passed A&P by. They didn't keep up with trends, they didn't keep up with the business, they didn't put money back into their stores in the form of capital improvements. Their stores are small. A lot of their stores are old and tired and worn. They didn't put, in my opinion, the right amount of labor into the stores to properly service the customer,” said Supermarket Real Estate Analyst Matthew P. Casey.

Family-owned grocery store operators say they've seen an influx in high-end stores in the state like [Whole Foods](#), [Wegmans](#) and [Trader Joe's](#). Stores like [CVS](#) and [Bed Bath & Beyond](#) offer a lot of the same bath and body products that supermarkets traditionally do, and big-box stores like Walmart and Target are offering fresh groceries. Plus online retailers like [Amazon](#), [Peapod](#) and [Fresh Direct](#) are cutting into the market share.

“I can't compete with them. They're just too big,” Sullivan said.

Supermarkets have a low profit margin — usually 1 or 2 percent. President of the [New Jersey Food Council](#) Linda Doherty told us that it's especially hard to do business in New Jersey because of the high tax rate, over-regulation and competition.

“There's so much risk, and insurance, and workman's comp, and the electric bill, the gas bill, the rent, you know there's so much you have to deal with. But most of us love it. It's in our blood. We've been doing it for so long, I guess we're gluttons for punishment,” Sullivan said.

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