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Giant sells groceries to Weis Markets

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The towering red letters that beckoned generations of local grocery shoppers will be changing.

Giant Markets, one of the Southern Tier's most enduring icons, is being purchased by Weis Markets, a food chain based in Sunbury, Pa., company sources said Thursday.

The takeover, sudden and unexpected, should be completed in 90 days. Ron Akel, one of the principals in the family that owns the Giant chain, confirmed the sale, although Akel family members had no comment.

A letter to Giant employees, signed by Ferris, George and Ron Akel, said Weis looked forward to "welcoming members of the Giant team into their growing organizations."

"We are moving forward with this agreement because we are convinced that Weis will bring the resources necessary to help ensure continued security, longevity and success of the operations and people who have made Giant Markets great," the letter said.

In a statement, Weis Markets vice chairman Jonathan Weis characterized the purchase as: "an excellent strategic fit for our company."

Weis operates 154 stores in Pennsylvania, Maryland, New Jersey, West Virginia and New York, where it operates a store in Elmira. Traded publicly on the New York Stock Exchange, family-owned Weis Markets Inc. showed revenue of \$2.4 billion and net income of \$47 million in 2008.

Giant operates 12 stores in Binghamton, Johnson City, Vestal, Endicott and Endwell.

Both chains are family-owned community groceries with extensive histories, and that made the sale an attractive fit, said Weis spokesman Dennis Curtin.

"Because of our community roots and heritage, there is a comfort level for us," he said. "We are similar in terms of how we operate. This is a natural extension for us."

"We have expressed interest that if they ever decided they wanted to sell we would like to talk about it,"

Curtin said. "Over the past year or so, we have had periodic conversations that became increasingly viable."

Neither the seller nor the buyer would disclose the price, but Mark Hamstra, an editor with the trade magazine Supermarket News, said store sales tend to range between \$5 million and \$10 million per store industry-wide.

Several factors come into play when a family grocery chain sells out, according to industry watchers.

They range from the lack of interest from heirs to the financial climate, Hamstra said. Raising capital to build and upgrade stores with the current credit crunch has been difficult.

Industry analyst Bob Gorland, vice president of Matthew P. Casey & Associates, said the sale came as a surprise, considering Giant's long history of family-ownership. Yet, an outside takeover of Giant has been a source of rumor for years.

At the same time, Weis has been expanding, and the two chains are a good "geographic fit," Gorland said.

"Many of those types of operations throughout the country are being acquired by bigger chains that have more capital available to them," Gorland said.

Assuming Weis makes improvements, "I think this is a plus for the customer long-term overall," Gorland said.

Weis stores generally have more service departments, like delis and pharmacies, or in some cases, soup and salad bars, Gorland said. Weis stores also tend to operate longer hours than Giant, he said.

That makes them more like Wegmans in Johnson City

Curtin could not say whether the new owner would close any Giant stores, adding that, in general, the purchase is intended to increase Weis' reach.

"This (Giant) is a quality grocery chain and the stores have been kept up," he said.

While the sale is expected to be completed by mid-summer, no dramatic changes are expected, at least for starters. He did not know exactly when the primary-red Giant signs would be replaced by the smaller, less emphatic, Weis signs.

"It will be a gradual transition," Curtin said. "It will be a careful and deliberate process."

The companies are alike in that they sprouted from small neighborhood groceries that grew deep roots within their respective communities as they succeeded one generation to the next. Today, they are viewed as regional success stories.

Akel brothers Metrie and George Sr., opened the first Giant in 1933 on Court Street in what was previously an automobile showroom. The subsequent generation, Ferris, Ron and George, nurtured and grew the business into what would soon become a major provider for Southern Tier families. For decades, family meals began with a trip to the Giant for the ingredients.

The Akels' effect on Greater Binghamton goes far beyond the grocery chain. Their money and influence helps drive the local United Way campaign and other charitable efforts, fuels regional and state-level political campaigns in New York and Pennsylvania, and drives economic-development efforts throughout the Tier.

The Weis empire started with Harry and Sigmund Weis, who opened a small neighborhood store known as Weis Pure Foods on Market Street in Sunbury in 1912. They were succeeded by their sons Robert and Siegfried. The company is now headed by Robert Weis and his son Jonathan, vice chairman.

In addition to its 154 stores, it operates a 1.1 million-square-foot distribution center in Milton, Pa., and dairy, meat processing and ice cream plants in Sunbury.

Similarly, the Weis family has taken an active role in the community. They have participated on various boards and championed numerous philanthropic causes, ranging from the Janet Weis

Children's Hospital in the Geisinger Health System and the YMCA to the Weis Center for the Performing Arts at Bucknell University.

The end of the Giant era, and the beginning of the Weis, will create a new dynamic for competitors vying for the loyalty for Southern Tier shoppers.

Wegmans, the Rochester-based family chain, has competed with Weis in Pennsylvania for years. Now that battle will move into Broome County.

Jo Natale, director of media relations for Wegmans, said store managers will know "in coming weeks and months" how the Weis purchase will affect competitive pressure. Other than that, she had little to say about the sale.

"We'll leave that for the customer to decide," she added.

Additional Facts

Timeline

January 1933: George Akel Sr. and Metrie Akel open the state's first self-service supermarket at 184-186 Court St., Binghamton.

1938: Giant switches to departmentalized cash registers, which allow shoppers to itemize receipts.

1939: Giant opens second location at 56-58 Main St., Binghamton. The supermarket was featured in the NCR pavilion of the 1939 New York World's Fair.

1956: Fourth Giant store opens at 1290 Upper Front St., near Hinman's Corners.

1960: Giant buys property at Route 26 and Day Hollow Road in West Corners for \$50,000 to build new market.

1962: West Corners store opens.

1964: Giant opens store at 307-311 Conklin Ave., Binghamton.

1965: Giant buys former Columbian Mutual Insurance at 305 Main St., Binghamton, and opens sixth store in region.

1968: Giant open seventh market on Hooper Road, Endwell

1969: Eighth Giant store opens at 925 Main St, Vestal.

1970: Nine-point buck killed after smashing through the window of the Giant at 56 Main St., Binghamton.

1972: Ninth Giant opens at 278 Robinson St., Binghamton.

1977: Giant buys 5 acres of state-owned land on Harry L Drive, Johnson City, for \$350,000.

1977: Giant builds store on Court Street, across from former Sears store.

1979: In-store banking services begin.

1981: Electric scanning begins at checkout counters.

1997: Giant moves into the former Grand Union grocery in the Northgate Plaza on Upper Front Street in the Town of Chenango.

May 2009: Giant confirms plans to sell its 12 stores to Weis Markets Inc.