Pressure on Middle-Ground Stores Seen Continuing

Wed, 2012-06-20 16:03
Elliot Zwiebach

BARRINGTON, Ill. — Traditional supermarkets in the middle — those operating between the high- and low-end of the spectrum — must come up with a differentiated value equation or face obsolescence in the next few years, a pair of industry consultants warned here Wednesday.

To survive, traditional supermarkets that cater to the middle will need to be really sharp on price, with a really good private label program and fresh offerings that are significantly better than supercenters,” Jim Hertel, managing partner at Willard Bishop here, said during a webinar sponsored by The Food Institute, Washington, D.C. “Some retailers will make it, but a lot will not.

"Among traditional supermarkets who will, Kroger fills that bill to the largest degree. But medium-sized traditional supermarkets — who don’t have the scale to win on price — have got to find a niche, a way to be different and better, to win. A third group that will win will be those working the upper and lower quintile, utilizing a combination of price, freshness and service to operate at the cracks of the income scale who are able to provide what those sub-sets of the population need.”

According to Craig Rosenblum, a partner at Willard Bishop, “Regardless of where a company falls in the spectrum, it must differentiate itself — it must know all the elements of how to serve its niche to avoid dragging itself down.”

Source URL: http://supermarketnews.com/retail-amp-financial/pressure-middle-ground-stores-seen-continuing