

McTevia Comments on Supermarket Challenges

Kroger, Farmer Jack battling for supremacy among bargain hunters

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Shortly after Farmer Jack revived its bonus savings card, Kroger launched a new pricing program.

The two major grocers in the Detroit area have slashed prices on thousands of items.

Kroger, based in Cincinnati, Ohio, launched its Everyday Low Price program the second of week in April. The store shelves are dotted with two kinds of yellow tags. Traditional yellow tags advertise weekly specials, while new tags feature a pair of scissors slicing everyday prices.

"We've been working at providing our customers with the best possible retail since last year," said Monica Gordon, a spokeswoman for Kroger's The Great Lakes Division. Based in Westerville, Ohio, the division has 245 stores in Michigan, Ohio and West Virginia. The Kroger Co. has about 2,500 supermarkets and other stores nationwide.

Farmer Jack resurrected the bonus savings card April 1 and launched a new advertising campaign in May. The Livonia-based chain has cut prices on 5,000 items since the end of last year and enhanced its produce, bakery and beef departments.

Splashed on Farmer Jack trucks, signs and Web sites, as well as cable TV, radio and newspapers, the ads feature a 1990s jingle, "It's Always Savings Time at Farmer Jack."

Farmer Jack did not inflate its prices to portray everyday discounts, said Tom Lenkevich, divisional vice president for Farmer Jack. In addition, the stores continue to offer weekly specials and vendor deals, he said.

"Consumer acceptance has been very good," he said. "We continue to increase the number of items we're including on our savings campaign."

Traditionally, bonus cards are used to track customer purchases.

"The information we receive helps us give more value to customers for what they're using," Lenkevich said.

Kroger also has a discount card and continues to offer weekly specials and vendor deals. Customers have been excited about and receptive to the new pricing program, Gordon said.

While Kroger and Farmer Jack duel, Meijer is poised to open more stores in the Detroit market.

"I think Meijer is going to be a very formidable obstacle to these two (companies)," said Jim McTevia, principal of McTevia & Associates, a financial and management consulting firm in Bingham Farms.

Meijer, with 175 stores in Michigan, Ohio, Kentucky, Illinois and Indiana, will open another store this year and five to seven next year.

Farmer Jack, which is owned by The Great Atlantic & Pacific Co., based in Montvale, N.J., has 66 stores in Michigan. Struggling to compete with Kroger and Meijer, Farmer Jack closed 27 stores last year.