

GROWERTALKS

GT in Brief

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Kroger Buys Harris Teeter

Chris Beytes

Not sure what this means to you supermarket vendors, but Harris Teeter has been acquired by grocery giant Kroger.

What's a Harris Teeter? You might well ask that, unless you live in one of the eight East Coast states where the company has stores (North Carolina, South Carolina, Virginia, Georgia, Tennessee, Maryland, Delaware, Florida, plus the District of Columbia). They're the nation's 23rd largest supermarket chain, with 212 stores and 2012 sales of \$4.54 billion. They're fairly swanky, with stores in growth areas, university towns and vacation spots.

Kroger knows all about the upscale chain, which must be why they're buying them for a reported \$2.4 billion. Kroger is already the nation's No. 2 retailer behind Walmart and ahead of Costco, with \$98.6 billion in sales. They operate numerous grocery chains around the country, including King Sooper, Ralph's and Fred Meyer.

A report in the Wall Street Journal focused on how the purchase helps position Kroger against rival Whole Foods.

"We do a nice job on the high-end customer but there are some things Harris Teeter does better. We expect we can learn a thing or two from them," Kroger Chief Executive David Dillon said in an interview, as reported by WSJ.

I'm not sure what the two chains do in garden and floral sales, but maybe the deal will help push Kroger to a more high-end way of thinking ... and that could mean more flowers, not less. But for an expert opinion, we turned to the master of the supermarket floral business, Norm White of White's Nursery in Chesapeake, Virginia.

Said Norm, "Well, it could mean more business for us in pot mums and potted material. It may mean less business for us in garden material."

Norm explained that Kroger is adopting a "locally grown" philosophy.

"And because we're not in North Carolina, we may lose some of our bedding plant business with Kroger,

because they're going more locally grown. Which is not a bad thing, in some ways," he admitted, "but if you're not in the right area, it is a bad thing."

On the pot plant side, White's could benefit, "because pot plants can't just be all locally grown. They have to come from where the best quality is and also where the climate is right for growing certain types of crops." **GT**