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No bidders for 19 Farmer Jacks

A&P may close supermarkets; Kroger, Spartan likely to buy some of 47 other Metro area stores.

Joel J. Smith / The Detroit News

The Great Atlantic & Pacific Tea Co. has failed to find bidders for 19 of its 66 Farmer Jack supermarkets in Southeastern Michigan and now will either sell the stores at bargain-basement prices or padlock their doors, according to food industry experts.

A&P, which announced in April its plans to unload the unprofitable Farmer Jack chain to concentrate on its Northeast operations, sent out a letter recently indicating that it was still looking for bids on 19 stores, the experts said Wednesday.

"There are some stores that A&P hasn't received any bids on," said Ken Dalto, owner of Kenneth J. Dalto & Associates, a Farmington Hills consulting firm that specializes in the retail market. "But they are vigorously trying to sell them, even at low, low prices. They want to get them off their hands. I think A&P will take a major hit on a number of stores they want to get rid off."

Kroger may buy some stores

Supermarket analysts said Kroger is one of the likely bidders for some of the other 47 stores. Grand Rapids-based Spartan Stores will buy some others for independent operators. Other smaller independent chains will cherry pick specific stores that fit their needs.

Dalto predicted Kroger might purchase as many as 25 Farmer Jack stores if the grocer can pass scrutiny of the Federal Trade Commission, which reviews such acquisitions or mergers to ensure they don't lead to higher prices and fewer choices for consumers. He said that any purchase agreement would be contingent on federal regulatory approval.

Nobody knows which stores the companies are bidding for. Most of the Farmer Jack stores are located in Metro Detroit.

A&P officials did not return telephone calls for comment on Wednesday.

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New Jersey-based A&P hired a Chicago firm in March to seek bids to sell the struggling chain.

A&P officials have said they were going through numerous bids for specific stores and hoped to have all the deals wrapped up by the end of the summer.

The Farmer Jack chain employs 5,100 workers and its union, the United Food and Commercial Workers Local 876, was hopeful someone would come in and purchase the chain in its entirety to save union jobs. But that never happened.

Union officials did not return calls for comment on Wednesday.

Sales may come in summer

David J. Livingston, managing partner of DJL Research in Pewaukee, Wis., said he expects that A&P will complete some store sales over the summer.

"I think they are going to sell down the inventories in the Farmer Jack stores over the next month and then they will start closing on the deals," Livingston said.

"The new owners will take over and run them as they see fit."

He also said it is unlikely A&P will be able to sell all the Farmer Jack stores.

"For whatever reason, there are some stores that just don't make sense for anyone to buy even if they gave them away," he said.

Dalto predicted A&P will simply close those stores.

"A&P will make out just by ending the flow of red ink," he said.

Ed Deeb, president of the Michigan Food and Beverage Association, which represents 3,200 businesses, said it will be unfortunate to see the Farmer Jack name disappear from the retail landscape.

"It's a sad commentary," Deeb said. "Just 25 years ago, we were one of the few cities in the country that had six major supermarket chains. Not everybody could say that. Now we are going to be left with just two (chains -- Kroger and Meijer)."

You can reach Joel J. Smith at (313) 222-2556 or jsmith@detnews.com.

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