

## Ralphs said to be putting Northern California stores on the block

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Ralphs appears to have joined fellow chain grocer Albertsons as a market that's on the market.

Kroger Co., the Cincinnati parent company of Ralphs and one of the nation's largest grocery retailers, is putting the Northern California stores up for sale, according to a report Monday in the Sacramento Bee. Ralphs, a heavyweight in the Southern California market, has struggled in the north, according to the report.

A Ralphs representative reached by phone Monday said the company had no comment.

"We're hearing rumors at this point," said Ron Lind, a United Food and Commercial Workers union spokesman. "We sent off a letter last week to the company demanding to know if the rumors are true, and if they're true, they need to bargain with us on the effect."

Lind said he did not know how many stores would be affected by the sale, if it came to pass.

Santa Cruz County has two Ralphs stores, in Capitola and Freedom. The Capitola store employs about 50, while Freedom employs about 100, according to local Ralphs management.

Employees in Capitola said they'd been told of the sale last week. Beyond that, though, the employees had no further information, and asked not to be identified. They predicted they'd have their jobs for awhile longer, and were continuing to work as before.

Albertsons put itself up for sale in September, and is still in negotiations with buyers. The chain has been battered in recent years by intense competition from other grocers and discount stores including Wal-Mart Stores Inc., according to a Los Angeles Times article in January.

Albertsons' earnings report in November said third-quarter profits fell 30 percent from the year-ago period, the result of flat sales and disruptions from hurricanes the past two years.

Ralphs and Albertsons, along with Vons and Pavilions stores owned by Safeway Inc., have also been fighting to regain Southern and Central California customers lost in a 41/2-month labor battle two years ago with its unionized workforce, mainly over health care, the Los Angeles Times reported.

"The pace of our recovery in Southern California is slower than we would like," said David B. Dillon, Kroger chairman and chief executive officer, in a November press release. "Clearly there are opportunities for growth, and our teams are focused on seizing those."

A strike in Northern California, also centered mainly on health care, was averted after months of negotiations in 2004.

"The strike hurt all three of the companies," said Bill Adams, president and chief executive of labor management consultants Adams, Nash, Haskell & Sheridan of Fort Wright, Ky., which has represented Kroger in union-related issues. "The market's so tough anyway, and California is a tough place to be an employer, because all the employment laws make it expensive to do business out there."

Ralphs was also indicted in December by a federal grand jury in connection with the illegal hiring of replacement workers during the 2003-2004 labor dispute.

In the strike, "everyone lost," said Adams. "The unions lost a lot, the employees lost everything and the three supermarket chains lost a lot of money."

Wal-Mart's aggressive foray into the grocery market has also put the squeeze on Kroger's and other grocers. Wal-Mart can undercut supermarket prices but still profit in groceries because of its massive volume and huge buying power, according to an October report in the New York Times. Labor costs also are lower because its employees are not unionized.

"It's not just the fact they don't pay union wages, but they beat their suppliers to death on cost," said Adams.

Local Ralphs customers said they'd be sad if the stores were to close.

"I'll feel really bad about it because I like to shop here," said Shirley Marshall of Capitola on Monday at the Capitola store. "I'm used to it, I know where everything is, and the people always have been nice in here."