

Associated Wholesalers, Inc. and White Rose Food to Merge

JUNE 19, 2006 -- ROBESONIA, Pa. and CARTERET, N.J. -- Two major grocery distributors in the Northeast U.S. are joining forces. Cooperative food distributor Associated Wholesaler's Inc. (AWI) in Robesonia, Pa. is merging with White Rose Food, the largest independent wholesale food distributor in the New York City metropolitan area, sources told Progressive Grocer on Friday.

AWI c.e.o. J. Christopher Michael wouldn't provide further details about the deal, but said that more information about the deal would be released in the coming weeks. White Rose Foods officials did not return a call placed by Progressive Grocer on Friday.

A division of Di Giorgio Corp., White Rose Food serves more than 1,500 stores in New York, New Jersey, Maryland, New England, and Pennsylvania, operated by supermarket chains, independent grocers, and members of voluntary cooperatives. White Rose's warehouses stock more than 21,000 food and nonfood items, consisting mostly of national branded products. In addition, it has a private label program consisting of more than 950 items. White Rose employs approximately 1,200 people.

AWI is a cooperative food distributor serving approximately 250 supermarkets in the Northeast. Its customer-members include independent grocers in Delaware, Maryland, New Jersey, New York, Pennsylvania, Virginia, West Virginia, and several New England states. The co-op also operates nine of its own supermarkets and one cash-and-carry store. It provides training and technical services to its members. In the 2004 "Co-op 100" produced by the National Cooperative Bank, AWI placed sixth among grocery cooperatives with an estimated \$1.088 billion in revenues.

The merger will make for a "great combination of companies," New York-based consultant Burt Flickinger III told Progressive Grocer. "White Rose brings a lot of strengths to lessen AWI's exposure to Wal-Mart and other price-impact players, given that the impact of those retailers on rural members is far greater than in metro markets."

Flickinger said AWI has been vulnerable in the face of what he called "all-star competitors," including Golub Corp.'s Price Chopper, Redner's, Ahold's Giant, Giant Eagle, and Weis Markets, not to mention price-impact players such as Wal-Mart, Costco, Save-A-Lot, and Aldi.

"While AWI members may have benefited from the back-to-back bankruptcies of Fleming and Penn Traffic, those easy days of making hay are over," Flickinger continued.

The merger will also give AWI more procurement power. "The markets AWI serves are viewed by most branded manufacturers as secondary markets, whereas White Rose operates in the biggest markets in the country," Flickinger said. "White Rose's tremendous strength in dairy, frozen, and grocery will be completely complementary to AWI's experience in deli and meat."

Flickinger also lauded White Rose for "great customer relations; a superb, growing program in GM/HBC, and a terrific program of brands that cater to Latino shoppers. With White Rose just getting into general merchandise, AWI's GM facility in York, Pa. will be a good complement," he added. Likewise, AWI's business in tobacco, candy, and sundries will bring new opportunities for White Rose.