



Schnucks Acquires Hilander From Kroger

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ST. LOUIS — [Schnuck Markets](#), which earlier this month sold a handful of Memphis area stores to rival [Kroger Co.](#), on Wednesday returned the favor, acquiring seven Hilander stores in Rockford, Ill. from Kroger.

Financial terms were not disclosed.

Schnucks said it would operate the stores under the Hilander banner, at least initially. The stores are scheduled to be closed for inventory on Sunday, and will reopen Wednesday or Thursday of next week.

"We don't intend to make any major changes right away," Scott Schnuck, chief executive officer of Schnuck Markets, said in a statement.

"Although we have been successfully operating in the market for 13 years, our focus now is on combining the experience of both workforces and enhancing our understanding of what today's Rockford customers really want and need from their neighborhood market."

The Hilander stores range in size from 30,000 to 81,000 square feet and employ around 715 workers. Schnuck said it would retain the "vast majority" of employees.

Kroger, based in Cincinnati, has operated the Hilander stores since acquiring the banner from its family owners in 1998, only months after Schnucks gained entry to the region through the acquisition of three area Logli stores.

The Hilander acquisition would give Schnuck's control of 11 stores in the Rockford market and vault it from third in market share to first. [Wal-Mart Stores](#) was Rockford's leading food retailer, with a 33.5% control of the market in 2010, according to Metro Market Studies. Kroger's Hilander was had the market's second largest share at 23.6%, and Schnuck controlled 14.9%. Rockford, about 90 miles West of Chicago, has a population of around 367,000.

Although Kroger earlier this month announced the acquisition of Schnucks' holdings in Memphis, Tenn. — nine supermarkets and eight convenience stores — a spokesman for Kroger considered the Hilander sale as a separate transaction and not a swap, noting the retailer's Indianapolis-based Central Division operated Hilander, and the Delta division of Memphis handled the Schnuck's purchase.

The sale leaves Kroger with 54 stores in Illinois, most operating under the Kroger banner in the Southern part of the state and others under the Food 4 Less format around Chicago.

Observers initially considered Kroger's acquisition of Hilander as a prelude to a larger expansion to Chicago, but such a move never materialized.

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