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SUPERMARKETS

By the time **National supermarkets** finally went belly up, the wounded chain had ceased to be much of a presence - at least in the city.

It was a sad day for National workers throughout the region, and for longtime shoppers who remembered an earlier era of smaller grocery stores, more vigorous competition and many more options. It was also a day of uncertainty for shoppers at suburban National stores who didn't know whether their local supermarket would be bought out or closed down.

But in the city of St. Louis - where supermarket competition has been desultory at best - only four stores remained, and only one of those was on the North Side. For those most who need better service from grocery retailers, the demise of National didn't significantly alter the landscape.

The rivalry between Schnucks and National wasn't pretty. Despite a \$3 million payment in 1997 to settle a Federal Trade Commission complaint against the way it handled the 1995 purchase and subsequent sell-off of National properties, questions lingered about whether Schnucks played fair in the scramble to the top. Did it cherry-pick the best of the National chain and then willfully neglect remaining National stores under their management to the point that they could never be profitable? That question was apparently part of an arbitration between the two chains, an arbitration that National lost last month.

Schnucks' thorough trouncing of National made it look like the big, bad chain that swallowed up the little guys and left the field barren of competitors. That's not entirely fair.

Schnucks Chairman and CEO Craig Schnuck points out that Schnucks is, and always has been, a local St. Louis chain. Unlike Dierberg's, Schnucks does business in the city, where higher overhead and smaller per-capita purchases require a 50 percent larger customer base than suburban markets. And Schnucks says it is committed to keeping city prices and suburban prices equal.

Schnucks is also a ferociously innovative player in the world of supermarkets. Their stores are popular because they are well-run, well-stocked, and benefit from some of the canniest and most up-to-date business practices in the industry. They didn't rise to the top by accident.

Schnucks isn't likely to grow complacent either. The smaller Aldi's chain has five stores in the city, stores which cater to bargain hunters. And there are encouraging signs that independents can make a go here as well. The Marketplace at Holly Hills, and Sterling Moody's independently owned Marketplace in Baden are new and positive additions. If there is lingering nostalgia for a different kind of supermarket - smaller, independent neighborhood stores - these new players are in a position to capitalize on it. Consumers will ultimately decide where their loyalties lie.

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