



NEW JERSEY

A \$12-Billion Supermarket Company

An Interview with Joseph S. Colalillo,
Chairman and Chief Executive Officer, Wakefern Food Corp.

EDITORS' NOTE *Joseph Colalillo has served as Chairman and CEO of Wakefern Food Corp. since 2005 and as a member of its Board of Directors since 1985. Before becoming Chairman, he served as the company's Vice Chairman from 1999 to 2005. Colalillo is also President of ShopRite of Hunterdon County, a family-owned business founded in 1957 by his father, Joseph A. Colalillo. The Colalillo family owns and operates three ShopRite stores located in Flemington, Greenwich, and Clinton, New Jersey, and together, these stores employ more than 1,100 associates. Colalillo serves as Chairman of the Food Marketing Institute's Food Safety Committee and was recently named to the Board of Directors of Choose New Jersey. He is a member of the New Jersey Food Council's Board of Directors and received its Lifetime Achievement Award in 2005. Colalillo holds a Bachelor's degree from Villanova University.*



Joseph S. Colalillo

Because our members are entrepreneurs, many of them second- or third-generation retailers who have their own vision for their business, they can design their stores and offer a mix of products that reflect their community. Our advertising program and quality standards unite us and deliver the ShopRite brand.

Together, we're the largest retailer-owned cooperative in the country, we're the market leader in the New York Metropolitan area, and we're now the market leader in the

greater Philadelphia region, as well.

All totaled, we're a \$12-billion supermarket company, which ranks us about 12th in the country.

Many talk about the power of the large business brands with a major presence in all markets. How challenging is it for the independent retailer to survive today?

In some ways, things haven't changed much since our founding some 65 years ago. Back then, the independents couldn't compete with the national chains that were selling product at prices that were cheaper than what they could buy it for. Today, we compete with multinational firms who benefit from economies of scale. Customers shop those mass merchants for price, but as an independent we can deliver so much more than that. Stores like Walmart, Target, and Costco just don't have the variety and personal touch of an independent operator. Selling food used to be the single province of the independent grocer. That was 20 years ago when you didn't find much food in convenience stores, drug stores, or warehouse clubs – now it's available everywhere.

So our industry has gotten very competitive, but we've built a solid reputation as the low-price leader in our market with phenomenal sales promotions that our customers depend on. We're also known for having the largest variety of any retailer, so with a traditional supermarket, we stand toe to toe; with the mass merchants their variety is limited. We have also put a big emphasis on customer service and the quality of our perishables departments. Many of our members have extensive prepared foods in their stores giving their customers meals they can take home and just reheat. Other members focus on delivering natural and organic products. It depends on the demands of the market.

So our point of differentiation comes from our proximity to the customer and our relationship with our associates. Our owners are walking their stores, and in turn, we can react on a dime to our customers' needs.

The company is focused around sustainability with the environment and community involvement. How critical is that from a cultural and leadership point of view?

When we look at our go-to-market strategy, community is a big piece of it.

We have our ShopRite Partners In Caring program and we've donated more than \$24 million in the fight against hunger since 1999.

We also participate in Special Olympics NJ, the Susan G. Komen Race for the Cure, and support thousands of other charities that are focused on hunger, health and wellness, and education.

When it comes to supporting health and wellness through hospitals and educational institutions, we do a lot. I own three stores in New Jersey and we support hundreds of local organizations. Every one of our members does the same thing, because they're part of the community. So we're making a tremendous impact.

In terms of the environment, our customers reused 55 million bags in 2010, saving \$2.6 million off their grocery bills from our incentives to reuse bags.

We've had our own recycling center since 1977 where we recycle cardboard, plastic bags, and shrink wrap, and we're now recycling stock pill bottles from our pharmacies.

There is also a locally grown movement that we are a big part of.

Does business from outside the state have a good understanding about what New Jersey offers?

That is the point of Choose New Jersey – to be a private/public partnership that gets the word out that New Jersey is a great place to operate a business.

Few people realize all that New Jersey has to offer prospective businesses. We have outstanding universities, both public and private, from which we can draw a well-educated and diverse workforce, and beautiful communities where that workforce can live and raise a family.

When you look at people in the prime of their lives raising a family, looking for both quality of life and the potential for professional growth, New Jersey has it all. ●

COMPANY BRIEF *From its beginnings as a struggling cooperative with eight members, Wakefern Food Corp. (www.wakefern.com) has grown into the largest retailer-owned cooperative in the United States. The cooperative was founded in 1946 and is comprised of 47 members who today individually own and operate more than 230 supermarkets under the ShopRite banner in New Jersey, New York, Connecticut, Pennsylvania, Maryland, and Delaware. Wakefern introduced its PriceRite banner in 1996, extending the company's reach into Rhode Island and Massachusetts, and today, there are 45 PriceRite stores in six states. As the merchandising and distribution arm of both ShopRite and PriceRite, Wakefern, together with its member companies, employ more than 50,000 people, making it one of the largest employers in New Jersey. Wakefern also distributes products to other supermarkets throughout the northeastern United States and Bermuda.*

How do you best describe Wakefern and its position within the industry?

As a retailer-owned cooperative, we have 47 members who independently own and operate their stores. Our members currently own from a single store to as many as 30 stores. One of our members, Village Supermarkets, is a publicly traded company, but it's still majority owned by a family who is engaged in the business every day.