

Safeway's revenues drop

By Tiffany Hsu, Los Angeles Times

Safeway Inc. – Northern California supermarket giant – facing competition from dollar stores and Wal-Mart – reported flat revenue in the first quarter.

The Pleasanton company said revenue for the period ended March 23 dipped slightly to \$9.99 billion from \$10 billion a year earlier – a dent that Safeway attributed to lower fuel sales and the sale of its Genuardi's stores.

But same-store sales – a gauge that strips out volatility by only considering stores open at least a year and excludes the impact of fuel – rose 1.5 percent. Safeway also operates local chain Vons.

The measure got a boost by a calendar shift that pushed sales from the New Year holiday into the first quarter, according to Safeway. A new loyalty program called “Just for U” gained traction, as did a partnership with gas stations to offer fuel rewards.

A move to generic drugs, however, pinched results.

For the quarter, Safeway said it earned \$119.9 million, or 49 cents a share, including a 14-cent-per-share tax benefit. During the same period a year earlier, the company reported \$72.9 million in profit, or 27 cents a share.

Safeway also said its 1,638 stores in the U.S. and Canada gained market share for the fourth straight quarter, despite growing pressure from chains such as Wal-Mart and Target, which are expanding their grocery offerings.