

Safeway's 'O' organics brand pays off for retailer

Selling higher-margin organic foods in upscale environment helps company compete

by Sustainable Food News
July 21, 2006



Supermarket chain Safeway's proprietary "O" organics brand, its "Ingredients for Life" campaign, and the remodeling of 31 percent of its stores is starting to pay off.

According to a report by the *Contra Costa Times*, shares of the Pleasanton, Calif.,-based supermarket chain jumped almost 9 percent Thursday after the grocer announced an 84 percent increase in its second-quarter profit thanks to higher sales and a tax refund.

The push behind Safeway's strategy is to sell higher-margin items such as prepared and organic foods in a more upscale environment to compete with chains such as Wal-Mart and Costco, whose low prices are hard to beat.

Sales increased 6.4 percent to \$9.37 billion for the quarter that ended June 17, compared with \$8.8 billion the previous year.

About 31 percent of Safeway's more than 1,500 stores are modeled in the "lifestyle" format, which features soft lighting, hardwood floors, wainscoted walls and gourmet deli items.