

# Thousands of layoffs expected with closure of Chicago supermarket chain

Jeff Lusanne

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As grocery giant Safeway exits the Chicago market, 72 Dominick's stores are up for sale with only four having buyers lined up. The remaining stores are likely to close, taking with them more than 5,600 jobs by December 28. The closure of dozens of these stores would result in the largest mass layoff in the Chicago area in recent years, putting thousands out of work immediately after Christmas.

A memo circulated to employees on October 31 announced that unsold stores will be closed on December 28. The state of Illinois mandates that employers of a certain size give 60 days notice of layoffs. The notice stated that more than 5,600 employees will lose their jobs if the 68 stores close.

Dominick's parent company Safeway, the second-largest grocery chain in North America with estimated 2010 sales of \$41 billion, announced in October that the sale of the 95-year-old regional grocery chain because of poor financial performance. Since the announcement, only four of the 72 locations have been sold, to regional competitor Jewel-Osco. Out of the 72 locations, 13 are within the city of Chicago, and the remainder are in the suburbs.

Official bids for the remaining 68 stores were due by November 1, and Safeway has not indicated yet whether any additional stores will be sold. With weeks of silence on further buyers, it appears likely that the Dominick's stores will close on December 28.

Some 4,000 Dominick's employees are represented by United Food and Commercial Workers (UFCW) Local 1546, with others in UFCW Local 881. A month after the closure announcement, Local 1546 has not made any call for public support against the closures.

Instead, Local 1546 President Ken Boyd stated, "Our union will be working closely with the company to ensure that our members are being treated fairly and

equitably as this process moves forward."

Despite it being evident that the remaining Dominick's stores are likely to close, Local 881 President Ronald Powell stated, "We don't know yet the status of those stores. But, once we know who the new owners are, UFCW 881 will sit down and negotiate a collective bargaining agreement that will be fair to the new employers and, importantly, will fairly compensate the employees who will be charged with building the business."

The Chicago political establishment has been silent on the potentially devastating impact of the mass layoffs and the diminished access to food in the region. Vast swaths of the south and west sides of Chicago have no full-sized supermarkets.

In certain respects, the Dominick's closures reflect the social conditions of the area, as inequality continues to reach new heights in the five years since the 2008 financial crash. Having refashioned itself several years ago as a "lifestyle" brand by adding features like a bakery, deli, florist, bank, and Starbucks within the stores, and introducing a line of higher-priced organic and specialty food, it attempted to attract middle-class shoppers.

But this strategy has not yielded significant profits or growth. Safeway states that it was the lowest performing division within the company. Bargain stores like Food 4 Less, Aldi, and Walmart have attracted customers seeking lower prices, while Whole Foods and Mariano's have expanded in the high-income markets. Whole Foods and Mariano's are building stores in the Chicago area, in high-income and gentrifying areas, like the near North Side, South Loop, and Lincoln Park.

While chains are expanding in high-income areas, poorer areas of the city and suburbs are most at risk

from loss of a full-sized grocery store. For example, the closure of a Dominick's in the South Shore neighborhood on 71st street will force residents to go out of the neighborhood for groceries.

The WSWs spoke with Dominick's workers and shoppers about the closures and layoffs.

Eileen Stolzenbach is a retired state worker who was leaving a Dominick's in Rogers Park with groceries. She said, "I don't have a car, so I walk here. If it was to close I would have to get groceries delivered or pay for a taxi, both of which cost more. If they close this store after Christmas, the impact will be terrible."

Kristi Simmons came to shop with her kids. She noted that a full-sized grocery store in the area was essential: "Parents and adults who work all day need to have nutritional options available. If this closes, it reduces options, and the area could become like a food desert. Also, the store employs many young, elderly, and disabled workers who might have a hard time finding another job, especially after Christmas."

In many cases, the closure of a Dominick's grocery store will leave the largest "anchor" building of a shopping center unoccupied. These large properties have fewer potential retail uses, and if empty, could severely affect the level of traffic and therefore viability of the smaller surrounding stores.

Little has been said about what layoffs might occur throughout the supply chain. At least 267 workers at a Dominick's warehouse in Northlake will lose their job, but there is also the potential for job loss among outside delivery drivers and warehouses that have Dominick's as a portion of their business.

Atrid, a Dominick's worker for two years, said, "It sucks. I'm not sure why they are doing this. Money is what I think. I don't really know. I'm going to look for another job, maybe at Jewel. I feel really bad about all the other workers who are going to be laid off."

A dairy clerk said the possible closing was "a sad affair, but what can you do. It is not going to be nice, there will be much more unemployment." He has worked for the supermarket for 33 years, through several changes of ownership. "I'm not surprised that the closing date is December 28. They still want to make all the money they can on Thanksgiving and Christmas. If they did it before then, I could at least get to spend time with my family."



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