Safeway bought by parent company of Albertsons

By Heather Somerville, San Jose Mercury News

PLEASANTON — Safeway announced on Thursday it had been bought by private equity firm Cerberus Capital Management in a $9.4 billion deal that will merge the Bay Area's dominant grocery chain with Albertsons, creating a massive chain that promises to further transform how Americans shop for groceries.

By merging Pleasanton-based Safeway with its Boise, Idaho-based Albertsons, Cerberus hopes to cut costs and expand product selection, and compete in a market Safeway and Albertsons have been steadily losing to big-box retailers, convenience stores and niche grocers.

For shoppers, the sale could mean lower prices, as executives pledge to pass cost savings on to the consumer, although some analysts are not so confident. For Safeway employees — who will be negotiating a new contract with the company later this year — jobs could be on the line, as antitrust regulations and duplication between the companies may lead to individual store sales and closures.

It's too soon to know if the sale will impact the South Lake Tahoe, Round Hill, Kings Beach and Truckee Safeways.

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