

Winn-Dixie files for bankruptcy

US supermarket group Winn-Dixie has filed for bankruptcy protection after succumbing to stiff competition in a market dominated by Wal-Mart.

Winn-Dixie, once among the most profitable of US grocers, said Chapter 11 protection would enable it to successfully restructure. It said its 920 stores would remain open, but analysts said it would most likely off-load a number of sites. The Jacksonville, Florida-based firm has total debts of \$1.87bn (£980m). In its bankruptcy petition it listed its biggest creditor as US foods giant Kraft Foods, which it owes \$15.1m.

Analysts say Winn-Dixie had not kept up with consumers' demands and had also been burdened by a number of stores in need of upgrading. A 10-month restructuring plan was deemed a failure, and following a larger-than-expected quarterly loss earlier this month, Winn-Dixie's slide into bankruptcy was widely expected. The company's new chief executive Peter Lynch said Winn-Dixie would use the Chapter 11 breathing space to take the necessary action to turn itself around. "This includes achieving significant cost reductions, improving the merchandising and customer service in all locations and generating a sense of excitement in the stores," he said. Yet Evan Mann, a senior bond analyst at Gimme Credit, said Mr Lynch's job would not be easy, as the bankruptcy would inevitably put off some customers. "The real big issue is what's going to happen over the next one or two quarters now that they are in bankruptcy and all their customers see this in their local newspapers," he said.