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A Study of the Super Market Industry

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A STUDY OF THE SUPER MARKET INDUSTRY

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A thesis presented to the Graduate Faculty
of the Fort Hays Kansas State College in
partial fulfillment of the requirements for
the Degree of Master of Science

by

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might absorb the abundance of productivity thus made available. The principal objective in these efforts has been to reduce to a minimum the number of intermediaries between producers and consumers.

Thus, in the evolution of the direct distributive system, we find that various types of retail outlets successively followed one upon the other, each in its turn eliminating some step, and reducing some part of cost in the flow of goods towards the consumer's home.

With the introduction of the chain store came new techniques in presenting the various consumer's needs before the public. In an effort to capture a greater proportion of the food-buying public's trade, chain-store experts introduced the combination food store, a market

CHAPTER I

INTRODUCTION

From the time when mass production appeared on the American horizon and carried its influence into every populous center throughout the United States, constant efforts have been made to improve upon the system of distribution and to provide adequate and economical wholesale and retail outlets through which the consumer public might absorb the abundance of productivity thus made available. The principal objective in these efforts has been to reduce to a minimum the number of intermediaries between producers and consumers.

Thus, in the evolution of the distributive system, we find that various types of retail outlets successively followed one upon the other, each in its turn eliminating some step, and reducing some item of cost in the flow of goods towards the consumer's home.

With the introduction of the chain store came new techniques in presenting the various consumers' goods before the public. In an effort to capture a greater proportion of the food-buying public's trade, chain-store experts introduced the combination food store, a market

which immediately won public approval, where the price-conscious wife could buy the majority of her food needs; meats, vegetables, and dairy products, as well as groceries. By the late twenties, chain food stores accounted for approximately 45 per cent of the nation's food volume.

No development in retailing, however, has presented so revolutionary a change in merchandising conceptions as has the super market. Through the introduction of self-service, which shifted the responsibility of purchase to the consumer herself, the super market has forced changes in the entire economic structure of this nation, and, more recently in those foreign countries which have adopted self-service. It has radically altered the course of packaging, refrigeration, store design, display, and the techniques of selling, which are today reflected not only in food retailing but in practically every field of retail distribution. Most important, it slashed distribution costs for retailing food and other non-food items from the prevailing cost of 25 per cent, to as low as 17 per cent.

A survey was first made of the literature available on this subject in the Forsyth Library, Fort Hays Kansas State College, Hays, Kansas. A wealth of information has appeared at different times in trade journals, which could

be obtained from said library. Articles in these journals have been used extensively, except in cases where they tended to be repetitive. However, as a result of the constant change the self-service business is continuously undergoing, and furthermore, as this development is too recent to be covered by summary books, the writer found it necessary to search for most of the literature from corporations that conduct research work on this subject.

In preparing this thesis the writer kept in mind those who are planning to enter, or to do a serious study of the self-service retail distribution. An evaluation was, therefore, made of the most authoritative literature available to enable interested readers to locate readily valuable information on their particular problem. The writer feels that this study will help him in his future career in Cyprus, where the concept of self-service is still in an embryonic stage.

The self-service idea has spread in practically all fields of retail distribution. However, it is unnecessary for the purpose of this thesis to investigate every branch of retail business operating on self-service. The writer feels that the problems and advantages of self-service, with check-out, should be valid for the entire retail

distribution industry once their effects are outlined on three representative fields.

Part of this thesis is an attempt to explain briefly the circumstances which gave rise to the concept of self-service, and accelerated its development to the point of revolutionizing the entire field of distribution in the short period of a quarter-century. Food super markets are the most important segment in the American economy; thus, the writer focused his research mainly in this field. Self-service is still the heart of the super market, and, therefore, the reader should note that most of the principles applied here should also apply in non-food self-service stores.

In general, the growth, organization, and trends in super markets are discussed in the first six chapters. Chapters seven and eight are devoted to two non-food self-service stores--Drug Stores, and Variety Stores. The last two chapters explain the contribution of the super market and its effect upon the American way of life, and also presents the conclusion of this research study.

The writer consulted the managers of Dillons Super Market, Safeway, Duckwalls, and Gambles stores of Hays, and is grateful for their authoritative suggestions, and for the use of their literature and experience.

The writer should also like to take this opportunity to thank the various corporations who gave their time in supplying data, records, photographs, and other material used in this thesis. Among them are: National Cash Register Company; Teh Super Market Institute; The Bulman Corporation; International Business Machines.

During the early settlement of this country most families were self-sufficient and self-sufficient, growing their own food, making their own clothes, and doing their own baking. Each family was able to provide for practically all of its essential needs, and the few necessities not provided for were usually obtained by bartering with other families. Thus, there was little need for food stores.

After the early settlers were able to establish friendly relations with the Indians, they realized that they had goods the other desired. As a result, the Indian trading post was established and provided a place for exchanging these goods. As the population increased, the trading posts increased. In many cases it was profitable for the trader to enlarge his facilities, buying on credit and making available an increased variety and selection of merchandise.

CHAPTER II

FOOD MERCHANDISING IN AMERICA

UP TO 1930

When comparing food merchandising of yesterday with that of today, it reveals that great changes have taken place. What factors brought these changes?

I. COLONIAL MERCHANDISING

During the early settlement of this country most families were self-contained and self-sufficient . . . growing their own food, making their own clothes, and doing their own baking. Each family was able to provide for practically all of its essential needs, and the few necessities not provided for were usually obtained by bartering with other families. Thus, there was little need for food stores.

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As more and more settlers arrived, the Colonists slowly pushed the Indians westward. This gradually created new problems for the trading post operators. Some of the trading posts passed into oblivion while others became the General Store of that day.

The early Colonial Store not only supplied staple merchandise for the settlers but also served as a clearing house for the announcement of important events, exchange of news, and discussion of current topics. Community functions were few, and the general store became a meeting place for the "Old-timer." Here, customers would pause long enough to hear the elders relate experiences of their youth, narrow escapes from death, and predictions of things to come.

As communities grew into towns, the individual tradesmen and producers realized that goods could be exchanged more easily if all settlers and buyers met at a common place. In 1658, Boston erected a building to house their first public market. The market soon proved extremely popular, convenient, and profitable to the community. This method of exchanging goods rapidly spread throughout all of the Colonial States. In many communities the public market is still popular.

Attending these early markets was the itinerant merchant (known as peddler). He obtained goods at the market . . . carried his merchandise throughout the rural district . . . sold his wares to people in their homes or

bartered with the family for items which he could dispose of to his advantage. While the itinerant merchant usually specialized in articles made of metal, cloth, and pottery, his role is mentioned in this colonial picture merely to emphasize the simplicity of the early American distribution system.

As communities developed, work became more and more specialized. Increasing quantities of goods were imported from overseas or produced in small manufacturing plants, and trade routes were established between the colonies. These economic changes, working together, created some complications in the distribution of goods. This was later relieved by the advent of the wholesaler and distributor or (jobber). This service co-ordinated the marketing problems of the producer or manufacturer with the purchasing difficulties confronting the retailer. The wholesaler's services greatly improved the distribution system. To this day he remains an important factor in the smooth flow of merchandise from the producer to the consumer.

II. MERCHANDISING IN 1800

Few people realize that there was a subconscious trend toward "self-service" even in the early general store--many customers showed a natural tendency to go

about the store, examine the merchandise, and make their selections. The customer would then call the merchant or one of his clerks to receive payment for the merchandise chosen, or to take the merchandise to one of the counters. This fact is interesting because it shows that unless impeded by the store arrangement or other factors, self-service is more or less a natural instinct.

During this period no attempt was made to merchandise as it is known today. Standard brands, wide-spread advertising and packaged items were practically unknown. Nearly all merchandise sold by the retailer was bulk merchandise. Spices, coffee, and tea could be mixed to the customer's preference.

The general store was mainly a "one-stop" institution handling everything from horse collars to chewing tobacco. There was a stove in the middle of the room and a receptacle filled with coal ashes or sawdust located conveniently nearby. The manual wheel-type coffee grinder . . . the potato used as a cork for the "coal oil" can . . . the open cracker barrel inviting customer sampling . . . and cured meat hung in the open on hooks--were all features of the early American Store. Little consideration was given to sanitation. Few merchants made any attempts to display merchandise attractively.

The distance the customer had to travel and the conditions of the roads often made a trip to the store an event that consumed the greater part of a day. Customers usually bought in large quantities with most of their purchases consisting of staples. The merchant knew his customers well. He provided few special services for them and did not attempt to "sell" his merchandise. He assumed that people knew what they wanted and would buy only what they needed. Insofar as potatoes, butter, meat and vegetables were concerned, nearly all families had ample quantities from their farms, or in their back yards if they lived in town.

During the 19th century, especially the first half, it was commonly assumed that a man could open a store, and within ten years, accumulate enough money to retire. The combination of high gross profits and low salaries provided the merchant with a very satisfactory annual net profit, even though sales per individual employee were low. This was truly the era of the high desk, quill pen, and bound ledger.

III. THE INDUSTRIAL REVOLUTION

The industrial revolution changed man's method of living more than any other event in the history of civilization

Improved methods of rail and ocean transportation, greatly increased manufacturing production at lower unit cost, concentration of population in small areas, and the development of farm machinery--all had their influence on food merchandising.

Mass production created a supply of goods at a sufficiently low cost so that items could be profitably sold many miles from the place where they were produced, prepared or packaged. This increased production greatly increased competition especially among the wholesalers. To protect their businesses, the wholesalers employed men to induce the retailer to visit the wholesale house they represented. Later in the century these men functioned as traveling salesmen. They contacted retail stores, promoted their line of merchandise, and accepted orders for the house they represented.

As the population of towns steadily increased and business activity reached new heights, the buying power of the community became capable of supporting several stores. This made conditions favorable for the introduction of the store handling only one general type of associated lines of merchandise. The customer appreciated and patronized the specialty store because of the larger variety and assortment of items this method of merchandising provided. The result was keener competition, forcing many general

stores to discontinue certain lines or, in some cases, to change to specialty stores.

Some specialty stores handled only dry groceries, others only meats, and others only fruits. This marked the beginning of more aggressive food selling. The progressive merchant soon realized that, in order to establish and maintain a profitable business in a competitive area, the store's prices, merchandising and services must please the customer.

IV. MERCHANDISING IN 1900

At the turn of the century advertising and attractive displays proved profitable selling aids and were adopted by many of the more progressive merchants. Keener competition reduced gross margin profits. Clerk's yearly sales showed increases over earlier periods, but salaries still remained extremely low. Rent, too, was low--taxes and licenses nominal. Thus, some losses were easily absorbed, with a healthy profit remaining for the merchant.

In the rural districts the old general store remained very much as it had been for a long time, sometimes becoming larger and handling a wider variety of merchandise as manufacturers made more articles available. Many merchants used the "trade-in" or "exchange" transaction as

a method of obtaining eggs, poultry, and produce for their general stores. These "trade-ins" were merely barter transaction. Farmers would bring their produce items to the store and the merchant would accept them in payment for merchandise. This supplied the merchant with farm raised items to sell to the town folks and surpluses were shipped to commission houses in the larger cities. The "trade-in" transaction made goods available to the merchant at a low market cost.

Some merchants encouraged farmers to build up a credit at the store against which future purchases could be made by buying their produce and issuing "credit notes" which could be spent later. This provided the farmer with a method of satisfying his needs without buying on credit or exhausting his limited fund of cash.

As far back as 1900, the "less-work-for-mother" era started to grow. Women (the real purchasing agents for the family) were beginning to show a willingness to transfer much of the "kitchen work" involving food preparation to someone else. This trend materially aided in the rapid development of large-scale food processing industries and the adoption of packaged merchandise in the marketing of prepared foods.

This new idea of packaged merchandise was quickly accepted and promoted by various interested groups. The paper and metal container manufacturers had visions of new uses for their products . . . advertisers and printers were consulted on labeling, packaging, and advertising problems . . . the house-wife appreciated the opportunity of eliminating home canning . . . the manufacturer proclaimed the sanitary benefits of scientific packaging, and created store displays to help promote the sale of his own merchandise. Thus the retailer was more or less forced to accept packaged merchandise from the wholesaler. However, he soon appreciated that packaging had many advantages for him . . . saving of paper, twine, and time; accuracy of weight, and neatness of appearance.

V. THE CHAIN

In their constant endeavor to adopt more economical and more profitable merchandising methods, chain stores contributed many helpful ideas and suggestions to food retailing. Their rapid growth during the past thirty years can be attributed to two major factors:

1. the consistent promotion of price appeal;
2. customer goodwill created by systematic store methods and a large assortment of merchandise.

After the First World War financial binge, the U.S.A. had plunged into depression. The nation's economy was at its lowest ebb. The national income was 41 billion dollars, total employment was 36 million, and the unemployed numbered 14.5 million.¹ The processor and manufacturer as well as the farmer were in a bad economic condition. Whatever inventories they had were glutting the warehouses. Whatever they managed to sell was most often at a loss. The entire grocery and combination store volume was 5 billion dollars.² Wholesalers and retailers were burdened with large inventories but lacked the know-how, dynamism or imagination to introduce new methods or ideas to move these surplus stocks. In other words, they were unable to meet the challenge of the moment, which was to bring prices down to meet the decreased purchasing power of the consumer. such was the national picture before the Super Market entered the field.

During this period, the chains were leading the retailers threatening to take over the food business from the independent storekeeper, who lacked the imaginative

¹U. S. Department of Commerce. Census of Business, 1933.

²Ibid.

leadership to hold or regain his former position. The only weapon the independent had devised was "trading on sympathy."

The chain-store system, however, had reached its peak of expansion. Practically overnight it had grown and threatened to dominate the entire field of distribution, not only in food but also in the other important branches or retailing. Between 1914 and 1930 the corporate chains had grown from 2,030 organizations with 24,000 retail outlets and a billion dollars, to 7,837 organizations with some 200,000 retail stores and a volume of over 15 billion dollars. Percentage-wise, the chains in sixteen years had increased approximately 400 per cent in number of parent companies: 800 per cent in number of unit stores: and 1,500 per cent in volume of sales.³

In the food field, the chains had grown from 500 parent companies with 8,000 units in 1914, to 995 parent companies with 62,725 retail units in 1930. The outstanding food chains of the day and their growth over a single decade may be seen in Table 1. Many of these chains have since grown to even more formidable positions.⁴

³Zimmerman, M. M., The Challenge of Chain Store Distribution (Harper & Brothers, New York, 1931). p. 52.

⁴Ibid.

Table I. Leading Food Chains, 1921-1931

	Sales (000 omitted)			
	1921	1926	1930	1931
The Great A.&P.	\$202,434	\$574,087	\$1,065,807	\$1,008,325
Safeway Stores	*	50,537	219,285	246,784
The Kroger Co.	44,851	146,009	267,094	244,371
American Stores	86,068	116,903	142,770	135,226
Grand Union	21,889	26,240	38,117	35,640

*Not incorporated in 1921.

The fact remains that the independent corner grocer with his small unorganized unit, operated haphazardly and making between \$300 and \$400 in weekly sales, was no match for the more efficient newcomer, whose sales were approximately three or four times greater. The chains enjoyed many advantages in buying and advertising. With no Robinson-Patman law on the statute books, they were extracting many buying concessions and price advantages, to reduce their merchandise costs. These advantages were beyond the reach of the average wholesaler or retailer. The chains could also prorate their advertising among their many units.

The expansion and sales growth of the chain created great resentments and antagonisms. Whole communities were enlisted to fight the chains' invasion and all manner of

charges were leveled against them. Among these accusations were that they took money out of the local community, drove out of business local retailers whose interests should be protected, and tended to depersonalize the community.

Other charges were that they destroyed opportunities for young men; were producing a nation of clerks; paid lower wages than other employers; did not bear the full share of the local tax laws; practiced unfair competition; tended toward monopoly. They were also accused of disorganizing distribution and raising the cost of marketing. It was charged that they compelled the manufacturer to sell to them at less than cost but did not save money for the consumer.

This form of propaganda stimulated mass meetings of independent retailers throughout the South, Middle West, and Northwest. Anti-chain organizations were formed, and hundreds of thousands of dollars in contributions poured into the sectional headquarters of the various branches of the anti-chain movement. In 1930, there were some 260 towns and cities with local or national associations arrayed against the chains.

VI. ANTI-CHAIN LEGISLATION

At the same time, state after state passed legislative measures designed to hamper further expansion of the chains. There were some 260 towns and cities in which there were at least one local or national organization fighting chain stores. The total urban membership of this active group was over 9 million, which represented 7 per cent of the total population of the United States.

In addition to these anti-chain organizations, public officials in every walk of life, from Senators down, allied themselves against the chain. One record cites 12 United States Senators, 7 governors, 7 congressmen, 12 anti-chain radio stations, 24 anti-chain newspapers and publishers all fighting for the independent retailer.⁵

The chains, of course, fought back, but the tide was so great that gradually states, cities, counties, and municipalities began to pass some form of punitive tax. From 1925 to 1932, 366 chain-store tax bills with varying tax penalties were introduced in state legislatures. Of these, 350 were killed. The remaining 16 bills which became law either were declared unconstitutional or were superseded

⁵Ibid.

by new laws. In 1933, 225 discriminatory chain tax bills were introduced, of which 13 became laws. From 1934 to 1938, there was a total of 345 tax bills introduced in the various states, of which 322 were defeated. Of these tax bills, 39 were introduced in 19 states in 1934, 163 were introduced in 40 states in 1935, 27 bills were introduced in 14 states in 1936, 97 bills in 7 states in 1938.⁶

By 1938, just as chains were being forced to organize their own fight to meet the new Super Market competitor, 20 states or more had chain-store tax laws, with taxes ranging from as low as \$1 for the first unit in Alabama to as high as \$750 for those operating more than 50 units in Texas. Congressman Wright Patman was meanwhile agitating for a chain-store tax as high as \$1,000 multiplied by the number of states in which the chains operated. Obviously, if such a bill ever had been enacted, the chains would have passed out of existence.

Many municipalities across the nation had fantastic ideas on how to tax the chains out of business, and much legislation calling for assessments on each unit as well

⁶Ibid.

as on a percentage of sales was introduced against the chains. Interesting enough, the early super markets were also forced to go through a wave of anti-super market tax legislation, originating in many towns and cities. They were, however, successful in defeating all such laws.

VII. DISTRIBUTION STAGE SET FOR SUPER MARKET

Thus by 1930, the distribution stage, divided between the chains, and the independents, was set for the Super Market.

Statistics of the time indicate that the chains maintained an economic advantage over the independents in cost of operation. Despite the rapid growth of the chains and their ability to outstrip the independents in keeping grocery margins down, the ultimate result over a decade had not been to decrease greatly the food budget for the average family, as the later Super Market method was desinted to do. In fact, a study made by the Federal Trade Commission on sales, costs, and profits of retail chain stores revealed that the percentages of gross margin to sales for grocery chains even increased somewhat from 1919 through 1930. In 1919, this gross margin had been 16.92 per cent of sales; in 1925 20.56 per cent, in 1928 20.92, in 1930 20.94 per cent.

In January and February, 1931, the Federal Trade Commission secured similar statistics from retail grocery stores in the Detroit metropolitan area. This showed the gross margin of chains to be 18.96 per cent of sales and that of the independents to be 25.93 per cent. Surveys made in Memphis and Cincinnati disclosed similarly the economic advantage of the chains over the independents.

All these figures indicate that early in the thirties the chains were in a far better competitive position than the independents. But the figures also show the situation of the time with regard to distribution costs. These figures tend to indicate that the independents and chains had achieved perhaps their maximum efficiency, which did not compare favorably with that achieved later by the Super Markets. Both the hard-pressed independents and the chains had attained their peak as to methods of food retailing, yet for at least a decade, they had been unable to lower the cost of distribution effectively, since all the accepted methods of retail distribution at the time had been tried.

This was the food retailing picture on the eve of the depression. It remained for the Super Market to demonstrate that the reduction of food retailing costs and

lower prices to the consumer--which had seemed impossible for at least a decade--could be achieved under the pressure of necessity in a time of national want.

VIII. CHANGES IN CUSTOMERS' BUYING HABITS

Three basic changes in the American way of life preceded the development of the self-service merchandising idea:

1. Refrigeration

Mechanical household refrigeration made it possible for Mrs. Housewife to preserve perishable food for days. This encouraged shopping trips wherein a week's supply of food could be purchased at one time.

2. Automobile

The automobile provided a convenient and easy way to transport large orders. This also increased the size of the area from which the merchants could attract trade and obtain new customers. Unfortunately for the neighborhood grocer, he could no longer hold his trade merely because of his convenient location.

3. The Forty-Hour Week

The advent of the forty-hour week provided time for the husband to go with his wife on her weekly grocery trip. The husband's desire to purchase sufficient merchandise so that their buying excursions need not occur more often than once a week contributed much toward increasing the average sale.

In addition to above trends, advertising made consumers health conscious, diet conscious, and later vitamin conscious. Many labor-saving devices saved hours of work for the housewife. This provided a greater freedom of time, and was reflected in customers demanding more luxury items and fancy goods. In the fight for the customer's dollar, gross profit margins are continually being reduced. This has caused merchants to seek methods of reducing their expenses, and a major result has been the development of self-service food merchandising.

CHAPTER III

THE ORIGIN AND GROWTH OF THE SUPER MARKET INDUSTRY

Self-service grocery stores are known to have existed in the early part of this century. While no one can be quite sure who opened the first super market, as it is known today, it seems generally agreed that this distinction belongs to Michael Gullen--a branch manager for the Kroger Company who found management unwilling to consider his proposal to operate a large self-service, cash-and-carry, low price, fast turnover super market on a trial basis, and who subsequently opened his own "King Kullen" super market in Long Island in August, 1930.¹

From this start during the depression, super markets experienced a phenomenal growth. This growth was accompanied both by early pioneers, some of whom are among the major chains today, and by older chains which gradually adopted this new concept of retailing and converted to super market operations. However, the first super markets--rough and ready products of the depression--were anything but elegant. They were geared to do just one thing: sell a large volume of food at the lowest possible prices.

¹Super Market Institute, The Super Market Industry In Focus (A Review of Super Market Growth. Chicago: Super Market Institute, 1959), p. 2.

I. WHAT IS MASS RETAILING

The U.S.A. is a nation of mass producers on one hand, and mass consumers on the other. But generally speaking many of the American stores have not yet geared their operations to a system of mass retailing to provide a swift and efficient movement of goods between producer and consumer.

Many retailers have permitted rock-hard deposits of customs and traditions to build up within their retail pipelines, limiting the mass flow of merchandise to customers.

The manager of "Duckwalls" variety store at Hays, Kansas, recently told the writer, "too many store people have had too much to say about too many things for too long a time. Now we are taking the customer's approach to every item and making every concession to his needs. . . !"

This is sage thinking indeed. In the great welter of change that is taking place in American retailing today, one fact is tanding out more clearly with each passing week. The American people themselves, by the simple act of patronizing one type of store over others, are voting overwhelmingly for the kind of retail establishment they like best. Post-war shopping habits are shaping into existence the exact

store wanted by the mass of American shoppers. This store, not necessarily a food super market, places masses of merchandise before masses of people, merchandise which can be possessed by the shopper with a maximum of self-participation, with a minimum of time and effort, and a minimum of cost.

Mass retailing does not mean the dismissal of a store's selling staff, or the withdrawal of any personal service whatever. On the contrary, a selling staff is retained, and all personal services are actually improved due to new efficiencies brought into the over-all operation by mass retailing methods. Prescriptions are still filled, outboard motors are still demonstrated, and whatever other services that might be required are easily integrated into the structure of a mass retailing system.

Clearly discernible are ten principles, which, when taken together describe the new science of Mass Retailing.

1. Use the power of presold merchandise;
2. speed the flow of goods to your selling shelves;
3. use the drawing power of reduced prices;
4. make it easy for your customer to get to your store;
5. expose your customer to the mass appeal of merchandise;
6. give your products a selling role;
7. give your customers a buying role;
8. allow your salespeople to do more selling at weak periods;

9. remove the bottlenecks in recording sales;
10. make it easy for your customers to get through your store.²

A store does not have to be big to mass retail.

While size is a factor in securing the ultimate in favorable results, the surveys conducted by the National Cash Register Company, show that almost any size store can increase its yield per customer, per employee, per fixture, per square foot of floor space, and per over-all expense dollar, by means of mass retailing.³

Many surveys have been made from time to time by various industrial consultants, and they all seem to agree in general on the following:

1. customers buy more, and second, surprisingly enough, salespeople sell more, under mass retailing methods;
2. mass retailing merchants have more often than not reported a higher volume yield per customer, per employee, per fixture, per square foot of floor space, and per over-all expense dollar.

It is high time the American shoppers issued a directive for mass retailing to the operators of their retail stores. Mass merchandise which can be possessed by the people with a minimum of time and effort, and at a

²John M. Wilson, The Ten Commandments of Mass Retailing (Dayton: The National Cash Register Company, 1956), p. 12.

³Ibid., p. 10.

minimum cost. Costs in what might be called conventional stores have pyramided until net profit is now a fraction of its former percentage size. By insisting upon--a return to more efficient, lower cost retailing--the consumer is actually acting in the role of benefactor to the retailer. The retail store operators should realize this, and there is no reason why they should not--if not all, at least the majority adhere to the principles of mass retailing for their own benefit, and even more, for the benefit of the community.

II. WHAT IS SELF-SERVICE

If a self-service store is to be potent selling mechanism desired, certain basic things must be remembered:

1. Packaging of merchandise is all-important. The package must tell or show what the object will do, how it does it, and why. There should be a clear understanding of the contents of the package. The explanation should be brief and easy to read. Pictures always help. The package must be easy to stack, display, and handle.

2. Self-service thrives on presold brands. A self-service store should merchandise brand names which are well-known. Little known brands may result in shelf-warmers and mark-downs. Manufacturers spend millions of dollars each

year in advertising programs. This advertising acquaints the consumer with various brand names. The customer will prefer to select a brand with which she is familiar rather than an unknown brand.

3. It is important that the self-service store have an ample supply of all items at all times. Self-service depends, to a large degree on the visual display of merchandise. If a customer does not see an article she cannot buy it. Supply lines must be kept open. Merchandise should move into the store at approximately the same rate that it is sold.

4. Store layout takes on different functions under self-service. It directs traffic, takes over the processes of trading-up, related selling, and all other functions which the salesperson is supposed to perform. The entire store, from floor to ceiling, is designed to sell. There are no dead corners or hidden merchandise. The customer makes her selection from the store's entire selling stock. The customer is guided by carefully conceived displays, merchandise, placement, signs and labels. Attendants in a self-service store replenish displays, direct traffic, and provide information when necessary.

5. Mass or open-stock displays attract additional attention by the use of specially designed lighting. Inexpensive spot lights are easily installed and may be focused on various displays to direct the customer's attention.

III. THE ORIGIN OF THE TERM SUPER MARKET

Just where the term "super market" originated is still a mystery. As far as the writer could investigate, the term just grew on the industry. Neal Ramsey, president of the Market Basket, Los Angeles, believes that the origin of the words, "super market", dates back to the early Twenties, when the word "super" was coined by the Hollywood motion-picture promoters. In the gala premieres of new pictures in Hollywood, accompanied by spotlights, bands and similar fanfare, these promoters described their pictures as "super", "colossal", stupendous"; terms that the industry has adopted.⁴

T. A. Von Der Ahe, of Von's Grocery Company, Culver City, California, whose father was one of the early pioneers in the Los Angeles area, has a different theory about the origin of the phrase, "Super Market." Mr. Von Der Ahe believes that it was coined by the Eastern operators and

⁴G. M. Lebharr, "The National Association of Food Chains' 25th Anniversary," Chain Store Age, XXXIV (October, 1958), 83.

and visitors, who came to study the "California" market-- the term used to describe the large self-service type of market that came into existence in and around Los Angeles in the late twenties and the early thirties. In his opinion, the development of the California Super Market was due to many influencing factors, commencing with the master lease negotiations, creating and participating in voluntary cooperative buying associations, mass merchandising and vigorous price cutting. As Mr. Von Der Ahe says:

A Super Market was not a building merely in excess of a number of square feet; nor an operation that has a volume in excess of a certain number of collars. I prefer to consider a super market as a new method of food merchandising, based on the theory of 'Pile it High and Sell it Cheap' plus the elimination of service and introducing of self-service techniques.

I can remember the words, 'super market' were used in the twenties in those large markets which had adopted the new selling procedures featuring 'hot' ads of below cost merchandise. I would guess that the average size of the markets was about 12,000 sq. ft. between 1930 and 1935, at which time they began to get larger.⁵

IV. DEFINITION OF SUPER MARKET

The following are some of the definitions of the Super Market as stated by the authorities on the subject:

⁵Max M. Zimmerman, The Super Market--A Revolution In Distribution (New York: McGraw-Hill Book Company, 1955), p. 18.

Super Market Merchandising:

A Super Market is a highly departmentalized retail establishment, dealing in foods and other merchandise either wholly owned or concession operated, with adequate parking space, doing a minimum of \$400,000 annually. The grocery department, however, must be on a self-service basis.

Webster's New International Dictionary, 1955:

A super market is a departmental, usually self-service retail establishment of a chain-store system or an independent selling foods, and other household merchandise to an annual gross income of at least \$350,000.

The Super Market Institute, 1959:

A super market is a complete, departmentalized food store with a minimum sales volume of one million dollars a year, and at least the grocery department fully self-service.

It should be made clear here that the heart of the super market was--and remains--self-service. One of the most colorful figures in the development of self-service and probably the first to introduce the turnstile and checkout was Clarence Saunders of Piggly Wiggly stores who called his later ventures, "Clarence Saunder, sole-owner-of-my-name," "Keedoozle" stores and "Foodelectric" stores.⁶

⁶Clarence Saunders of Memphis, Tenn., is conceded to be the father of the self-service idea. His son lives in Memphis, and is an important businessman. The interested reader might reach him through the Memphis Chamber of Commerce and obtain some very valuable original research material on the subject.

V. DEVELOPMENT

Naturally, it took many years for the super market industry to develop at its present stage. In the early thirties when the excitement of the first few weeks of the Big Bear⁷ operation had subsided, both chains and independents made an appraisal of the situation. Many merchants at the time still felt that in a short time, the novelty of the Big Bear "specials" would wear off and that most of the lost customers would eventually return. However, nothing of the sort happened. During the week of February 4, 1933, Big Bear took in in sales \$108,614, more than the combined national average sales of the five largest independent retail stores.

So war broke out against Big Bear, with the chains and the independents united for the first time in a common cause--to fight the principles adhered to by the Big Bear. New Jersey grocers through their state retail associations convened meetings all over the state. Resolutions were passed condemning the super markets for selling merchandise at prices below wholesale list cost. Bulletins were printed and distributed to all retailers demonstrating the dangers which Big Bear and other super markets were to the future

⁷Big Bear was the first large super market in America that created much upheaval in retail distribution.

conduct of retail business. Special bulletins were sent to all wholesale grocers asking them to refuse to sell to super markets; those who did not abide were blacklisted.

A number of legislations were introduced in the New Jersey Assembly to outlaw selling at or below cost, and the Senate resolution was introduced on March 6, 1933, to investigate the super market operations. In the meantime, The Associated Grocery Manufacturers of America had received so many complaints from the organized trades on the alleged practices of their members in offering their products at below cost prices that the Association, on February 24, 1933, passed a resolution condemning the distribution practices of Big Bear as uneconomic and unfair.

The recommendation was made that each grocery manufacturer individually act to prevent this practice in the resale of his product so far as he was able. The association through its legal counsel, framed and recommended further legislation to remedy price cutting.

The chains, working in cooperation with the independents, brought pressure to bear on the newspapers to exclude Big Bear's advertising. By the end of February, 1933, Big Bear's ads failed to appear in the New Jersey newspapers. This spurred the promoters to greater action. The following

week, a four-page broadside was deposited on every doorstep within a ten-mile radius of the market. It was captioned "Bear Facts."

In the light of the ultimate evolution of the Super Market industry, it is curious to note how few economists or distribution experts really understood the significance of the first Super Markets. Merchants continued to hug the wishful belief that the Super Market was still only a novelty which was sure to disappear; but they were also fearful of the harm it might do to their position in the meantime.

Newspapers and especially the existing trade journals seemed entirely unaware of the vast potential of this new phenomenon, and entered the race against the Super Market. For instance, the editor of the outstanding food trade publication of the time, pointing out the hazard of the Super Market, called it a "cheapy" and assailed the destructive consequences of this type of merchandising, which he predicted would be followed with failures, bankruptcy, credit losses, and a weakened distribution structure of the food industry. He concluded his ominous picture with the theme that "the public would pay dearly as it always has."

As late as 1936, the editor of one of the authoritative food trade papers, in addressing the National Wholesale

Grocers Convention, freely discussed the possible future of the Super Market. He stated that only a few alarmists could see the Super dominating the distribution picture.

Meanwhile, the Big Bear circus just kept on going in New Jersey. With three successful years behind it, Big Bear not only continued to hold the public loyalty, but it added six more branches in other communities. Most significant and especially disturbing to the chains was the fact that new Super Markets were springing up in other sections of the country.

A hope held out to the independents was that since the Super Markets were located outside of the normal neighborhood shopping area, they must draw from a wide radius to obtain the volume of business upon which their success depends. It was freely predicted that consumers would not travel daily such distances for the sake of saving a few pennies.

What were the corporate chains doing to meet this growing competition? While these numerous independent pioneer operators across the country were making food retailing history, the chains for a long time maintained their reluctance to take the Super Market type of retailing seriously. Soon, however, they realized that the only way to fight the new system was to emulate it.

Then, the chains themselves began to enter the Super Market field. Nor was this conversion any too soon. For the chain operating expenses in those days were higher than those of the Super Markets. The chains' gross markup averaged around twenty per cent with an average operating cost of between 18 and 19 per cent. They were also burdened with taxes--especially the punitive chain-store taxes.

The average Super Market was operating its grocery departments with a markup as low as 12 or 13 per cent. Most of the Super Market's profits were coming from the concessionaire's rents. The problem of the chains was to meet the Super's low operating costs without destroying efficiency. The answer was large volume. How to get it was the \$64 question. To find it the chains one by one turned to the Super Market type of operations. They approached it slowly and cautiously. Before long, they, too, found that it was the answer.

A & P was among the first of the national chains to enter the Super Market field. At first, its approach was cautious. It concentrated primarily on the large type of combination food markets.

In its early Super Market experiments, A & P tried practically everything. It opened with concessions in some of its units and tried leased departments in several variety stores. It even experimented with the warehouse type of Super, which had its origin in Detroit, using its own warehouses for such experiments. It converted the ground floor space in many of its warehouses to Super Markets. Then it heralded the grand openings with a blaze of low prices.

The Kroger Company was another of the large chains which had become active. It had opened a number of Pay'N Takit Supers, especially in and around Cincinnati, to compete directly with the Alberts Super Markets, which were setting the pace with their promotions of national brands.

Safeway Stores, Inc., on the Pacific Coast was beginning to take notice of the Super Market but was doing little to indicate any real interest. It developed a number of larger combination food stores, but they were not in the Super Market category. At the same time it was reputed that Safeway has closed more than 70 Piggly Wiggly units and more than 250 of its smaller units, replacing them with the larger combination food store, because it could not meet the aggressive super market competition.

The American Stores Co. of Philadelphia started opening its Acme Super Markets in 1937 and by the end of the

CHAPTER IV

THE SUPER MARKET LAYOUT

The planning of a Super Market interior calls for a careful combination of architectural and engineering sciences and the arts, intermixed with a knowledge of human psychology. All that the Super Market operator has learned by research and experience about customer attitudes, merchandising, equipment, lighting, architectural design, and the like has to be embodied in a layout which, in effect, become a proving ground for this knowledge.

There are a multiple of considerations which come into play when the market layout is being inked in on a drawing board. The operator must balance all these factors, one against the other, to evolve a concept which will best serve his customers. Because it requires such careful planning, the interior layout, when finally completed, reveals to the skilled eye many clues to the merchandising experience of the owner.

I. STORE ARRANGEMENT

Every store planned for self-service operation presents an individual problem. There is no such thing as a model plan that meets every situation. Regardless of a

market's size, shape, or method of operation, the store operator should observe four principles in arranging the store so that the rules of mass retailing may be put into practice. These principles are:

1. an arrangement of fixtures that leads the customer past all the merchandise in the store;
2. an arrangement of merchandise that permits the customer to see, handles, note the price, and decide to buy the greatest possible number of items in the store;
3. a staff of sales people trained to assist, advise, and sell whenever and wherever necessary in the store;
4. a system of recording the customer's purchase as quickly as possible with a minimum of interruption to the shopping trip; a system that is accurate and safe.

After the store is arranged in the above manner, the masses of shoppers can be thrown into contact with masses of merchandise. As a result, customers will buy more, salespeople will sell more, and the store's yield per customer, per fixture, per employee, per square foot of selling space, and per expense dollar will be increased. Certainly these results are worth striving for!

A model design and arrangement of Grand Union's Super Market in its Elmwood branch has been devised in such a way that there may be a minimum of crowding of customers at any one point. They have arranged many short aisles, spaced well apart, and they have artfully staggered goods

in counters so that there may never be at any time a huge pile of goods so high as to obstruct vision. The signs, many of them overhanging, are large, clear, and judiciously placed.¹

According to a prominent authority, layouts are designed to create a desirable shopping atmosphere, based on what operators have learned from customer behavior.

Nothing so stamps the personality of a store as its use of color. Infinite pains are taken to express and compliment each department--and often the several products within them--with the appropriate color tone.²

The value of land and labor cost have a strong influence on layout. In Western areas where land is relatively cheap, the Super Markets tend to spread out over a considerable area, while in the Eastern coast, where the areas are more congested, Super Markets try to get more value out of every square foot of selling space, and the result is a higher concentration of merchandise.

It is not unusual that a customer may prefer one store over another not because of the price, quality, or service. but because of its social environment. A prominent

¹Robert Sheehan, "Grand Union's Super Market," Fortune, LI (August, 1955), p. 109.

²Lansing Shield, Review of Grand Union's Operations, (East Paterson: Grand Union, 1958), p. 23.

authority, who conducted a research on this subject, found out that the women of a community characterized a store as "clean and white," and "the store where you can see your friends; the store with helpful personnel." This chain unit, according to this authority, conveys a pleasant feeling of independence to the shopper. The aisles are spacious and not cluttered; the shopping in this store is a pleasant experience instead of a routine duty. It is significant that not once did any of the shoppers interviewed mention lower prices, better bargains or greater savings. Here it shows clearly the importance of good store arrangement.³

Once the customer is in the store, the mass retailer should do everything possible through fixture arrangement, merchandise placement, lighting, color schemes, and different floor designs, to lead the customer throughout every area in the store. The Super Market operator uses the minimum of show cases and service counters and thus turns over the largest possible area to customer flow and customer self-selection.

It is well to note that in the early super markets, the tendency had been to divide the store or department into separate service and self-service areas. With a

³Pierre Martineau, "The Personality of the Retail Store," Harvard Business Review, XXXVI (January-February, 1958), 47.

system of railings, turnstiles, and check-out counters in between. The operators in those days reasoned that, if they put all merchandise requiring service in one place and all the merchandise that could be easily selected by the customer without service to be put in the other section of the store. Therefore, if present food stores were designed in line with such reasoning, the produce department and meat counter would be on one side, and the groceries on the other side with turnstiles and check-out counters in between. But food stores have demonstrated that a division between service and self-service is not required. If a food store is divided in such a manner, then this will be detrimental to traffic flow. First of all, the divided store may be confusing and time-wasting to the customer. Free circulation within the store is retarded. Many customers will want items from both service and self-service sections, and will find it difficult and discouraging to shop the split store or split department.

Second, the pulling power of service departments is extended outside of the self-service area. A customer can enter and buy an item at a service counter and leave the store without being exposed to the appeal of the merchandise on open display in the self-service areas of the store.

Third, because it is clerk service, traffic at peak periods may build up, cause congestion in the service section of the store, and retard the traffic flow throughout the entire store.

Fourth, splitting the store or department will cause duplication of work, space, and personnel, and can cut down customer turnover and dollar volume at peak periods. It has been proved that in Super Markets as well as in most other types of stores, that it is unnecessary to split a store or department into the two areas of service and self-service. The fact that there is a mental division in the retailer's mind between service and self-service items does not mean that there has to be a matching physical division in the store or department itself.

While there may be "take-money" service ahead of the check-out counters on some items in some stores (such as on cigarettes, gum, and candy bars in drug stores), most new mass retail stores have no barriers to complete customer circulation. The shopper, immediately upon entering, begins to shop the whole store. She serves herself at one display, gets help if needed at the next display, and finds it easy to make a complete shopping tour of the entire store with maximum exposure to merchandise and minimum interruption to their buying mood.

Another factor in inducing complete customer circulation is merchandise placement. Not only is the maximum amount of merchandise on display, but demand, or magnetic, merchandise is dispersed about the store to distribute congestion points and to influence traffic flow.

This science is better known in the food industry but in other non-food retail outlets this device has not yet been widely used. In the case of Super Markets the meat department always pulls customers to its location. Also, demand items such as soaps and coffees are often placed near the rear of the store to induce deeper customer penetration. Additional magnetic items such as cereals, canned foods and soups, baby foods, and good bargain items are placed at strategic locations to pull customers into as many locations as possible. Such principles of merchandise placement will be developed and used by the non-food mass retailer in the future to the same extent as Super Markets do at present.

II. FIXTURES

The fixtures of a store add in a subdued, but potent, way to the general decor and atmosphere the management wants to create--or subtract from it. They affect the

success of promotions and can be used to transmit any elegant, exotic, or unusual emphasis in store policy. Thus:

J. L. Hudson's new Eastland center in Detroit, while located in a higher income area than the same firm's fabulously successful Northland Center, is designed to be more colorful and lively while still reflecting the highest quality. The entire decor of the first floor presents a subdued effect of dark woods, cherry show-cases in center islands, but with a greater use of color on wall panels and in various mental displays running from floor to ceiling, hardware finish in bronze, of the richest type of finish available. Besides the effect of various woods and colors to create personality, the type of fixture is significant. A quality store such as this uses a large number of show cases and center islands which lend a rich feeling to the store, as compared to a table-top presentation.

T. A. Chapman's new store in Milwaukee uses bronze profusely throughout, including bronze displays, plus many spaces of food, to express a modern, but high-fashion character.

Julius Garfinkel's, which is an outstanding carriage trade department store in Washington, made two fixture changes in its new lowered level store in Fairfax County, Virginia, in deference to the modern age. While the design is similar to the fixtures in the downtown Washington store that express conservatism and fashion the new store uses a light ash-wood plus more open selling to create greater accessibility of merchandise.

Harvey's in Nashville created a lively Victorian personality by buying an old carousel and placing the animals throughout the store and on the marquee. The store restaurant is in the form of a carousel and the cashier's booth resembles a ticket seller's booth.⁴

⁴ibid., p. 51.

The store fixtures of merchandise form two basic functions--that of protecting merchandise from soil and pilfering--and that of offering merchandise for sale. In the earliest phase of retailing in America stores placed more emphasis on protection than on display and much of the merchandise was hidden away in drawers or kept behind and under counters.

With the advent of plate glass, the store owners found that fixtures could both protect and display, and the use of glass showcases ushered in what might be called the second phase in retailing, at least as far as fixtures are concerned.

Today, led by the food stores, many non-food retailers stand at the threshold of a third phase in fixturing. The experiences of food stores have demonstrated that many non-food items are self-sellers when placed on open display. Thus, non-food stores in general are moving much of their merchandise out from behind and under glass to give it maximum exposure to the shoppers.

As a result, the pendulum has now swung from one extreme to the other. The new trend in fixturing is away from protection toward more and more merchandise on open display. Consequently, the measurement of a good fixture

today is found largely in how little of the fixture itself can be seen, and how completely it exposes the merchandise to the shoppers' sight and touch.

A basic principle in successful self-selection merchandising is the proper display of pre-sold merchandise. Display which takes full advantage of a pre-established desire for a product (constantly reinforced through all advertising media), is vital to the Super Market operator. Proper display of this merchandise is essential if full profit potential is to be realized. Net profit dollars are being wasted if pre-sold merchandise is displayed behind a glass showcase or, worse, hidden behind a counter. This requires paying a salesperson to sell it again. The "brick wall" effect of the glass showcase has cost hundreds of thousands of dollars in potential net profit. This is a kind of restraint of trade that some retailers needlessly impose upon themselves.

Obviously, appealing stores attract greater traffic volume. Self-selection stores lend themselves to attractive layout. Effective, dramatic displays may be effectively located to feature specific merchandise throughout the stores. Attention is focused on the products themselves, capitalizing on the beauty of modern packaging. Extensive use

of mass displays is made in self-service stores through their known "attention-getters."

The design of fixtures and the arrangement contributes much to better displays. Flexibility of fixtures contributes to more attractive seasonal displays as well as greater adaptability for general use. Self-selection fixture installations which include emphasis of color, effect of motion and special wall displays, create a store with personality, a new look for the customer. A bright and appealing Super Market with modern displays featuring easily reached merchandising invites people into their store, and once into the store, they will buy and they will buy more.

III. THE CHECK-OUT LANE

Check-out is a kind of business operation which provides at or near the customers' exit, a checking, packaging unit where the listing and recording of sales transactions can be quickly accomplished. This element is still lacking in many stores. While they have open displays, encourage self-selection, they have not adopted check-out. Check-out is relief from the pain of high operating expenses, store congestion at busy periods, holidays, and other

peak periods. Check-out is the answer to faster service, increased volume, and higher profits.

Merchants in many lines of business have observed the continued trend towards self-service. While the birth of self-service occurred in food stores over thirty years ago, in more recent years it has spread into other businesses. However, these non-food stores that have adopted the self-service principle have not as yet adopted the check-out. The big difference between checkout and the service type of store is this: purchases, instead of being assembled on counters in various parts of the store, are brought to a central point, checked, and recorded. Check-out does not mean that all customers must serve themselves--although it is possible that they select their own merchandise. If customers desire help in shopping, clerk service can be provided in the check-out store and it will be faster and more satisfactory than in the old-style counter service store. Check-out does not mean that all customers must pay cash and take their merchandise with them. It is as practical for charge-and-delivery orders as for cash-and-carry purchases.

In the check-out store floor space formerly occupied by rows of counters is opened up into attractive display space. Aisles are created to direct traffic where the

10. People in every community now consider check-out as the modern way to shop.⁵

One of the important features of check-out is that it prevents losses, a factor which also directly increases profit. Every dollar of loss that is prevented means exactly one more dollar of net profit. The semi-self-service store has the great bulk of its merchandise openly displayed. Here there is no checking point at the exit door. Such a situation offers an almost total invitation to shoplifters. When the store becomes crowded and salespeople are busy waiting on other customers, a sometimes irresistible temptation is provided even for people who ordinarily would never think of such a thing as shoplifting. It may occur, for instance, that a customer, tired of waiting for service, says to himself, "I'll start going out the door. That will get some attention." But a moment later he finds himself outside and on his way down the street--and no one has so much as glanced at him. Perhaps he will go back later and explain that he neglected to pay. Perhaps he will not. It may be that he has made a discovery that will prove profitable indeed for him--and very unprofitable for the owner of the semi-self-service store. Many owners

⁵It's Easy to Switch to Check-Out (Dayton: The National Cash Register Company), p. 2.

of semi-self-service stores are being robbed "under their noses," so to speak.

It was reported in 1956 to the Market Research staff of the National Cash Register Company by a semi-self-service hardware dealer that while he was returning from lunch one day, he found a customer striding down the stairs from the sporting goods department with an aluminum canoe on his back. He helped the customer out of the store with the canoe, tied it onto his car, and thanked him for the purchase. It later developed that the customer had not paid anyone for that canoe. One of the most delightful features (to the shoplifter) of openly removing merchandise from the semi-self-service store is this: not only the possibility of his being detected is small, but even if he is detected, there are many plausible excuses that may be used to his defense.⁶

⁶John M. Wilson, The Check-Out Lane (Dayton: The National Cash Register Company), p. 7.

CHAPTER V

SALESMANSHIP IN SELF-SERVICE STORES

Salespeople are a greater asset than ever before. A food store converting to self-service with check-out does not dismiss its staff of salespeople. On the contrary, salespeople become more than ever before, a vital factor in creating sales.

In the self-service store salespeople have more time to serve and sell for the following two reasons:

First, no longer do sales people spend unnecessary time waiting on customers who can--and who in many cases would prefer to--serve themselves.

Second, no longer are sales people required to add up the purchase, compute taxes, collect the money, record the sale, wrap the merchandise, and return change.

I. SALES TECHNIQUES

At peak periods, salespeople remain in the selling areas of the store, turning from one customer to another directing, counseling, and selling. Thus all efforts of salespeople at peak periods are devoted to giving personal service and to creating sales. But if salespeople are to be successful in the art of giving "on the spot" service, they must "unlearn" some deep-rooted, lifelong habits, and

be taught a few new principles. Otherwise they tend to either underserve or overserve customers at the expense of the store's efficiency and of customer good will.

It might be said that basically this new art of serving self-service customers requires giving service on an exception basis, rather than by the rule.

It might further be said that a loose rein is kept upon each customer. Each customer is allowed to travel freely down the aisles of the mass retail store, and thus the store takes advantage of his own knowledge and his own desires. But at the moment required, the reins are tightened, the salesperson steps in and renders whatever on-the-spot service is required, counsels or sells, and then fades out of the picture, again giving the customer complete freedom of movement through the aisles of the store.

The new technique of serving self-service customers is simplicity itself. Giving "on the spot" service consists of the five following natural and easy-to-learn steps.

1. Greet Customer

All the salesperson needs to do is to indicate his "availability" with a friendly greeting. If the customer does not ask for help, the salesperson says or does nothing further and the customer is permitted to move on.

The salesperson remains free to serve and sell to others, and the customer remains free to shop as long as he desires.

Each item the customer's eye encounters on the self-service shelves silently but insistently demands an answer to the question, "Do you want me?--Do you want me?" Dozens of impulses to buy are imparted to each customer every minute he is left free to associate with openly displayed merchandise. Thus, the appeal of the merchandise--stimulated by advertising, and emphasized by being on open display--is permitted full rein.

Customers like to see merchandise. Window shopping is a favorite national pastime. Merchandise on open display offers the opportunity to "window shop" with the glass partition removed.

Do customers respond? Every merchant knows that customers often buy more in a self-service store than they intended to buy.

2. Be on the Alert to Give Service

When a customer does desire service, it is almost always obvious. The salesperson should quietly--and unobtrusively--be on the alert for the puzzled expression or the "where can it be" look. He should then offer his services as quickly as possible . . . and in the following manner:

3. Approach with "Did you Find . . . ?"

The salesperson should ask "Did you find what you were looking for?" instead of "May I help you?"

"May I help you?" obligates the salesperson to render service--whether or not it is needed. For example, if the customer should answer, "Yes, I need a 100-watt light bulb," the salesperson is obligated to serve the customer by getting the item requested. However, the question "Did you find what you are looking for?" requires only that the salesperson point out the location of the merchandise. (Of course, if the article in question needs selling or explaining, the salesperson can then give whatever service is required.) In addition the question, "Did you find . . . ?" implies the customer's complete freedom to shop for herself, and does not suggest that the salesperson is forcing his attention upon the customer.

By directing, rather than taking, the customer to the location of the desired merchandise, (unless service is needed, of course), again the salesperson remains free to help others; and, more important, the customer remains free to help others; and, more important, the customer remains free to shop--and obey buying impulses--on her way to and from the desired article.

periods in buying merchandise.

4. Make the Sale

When it becomes apparent that the customer is interested in an item that requires counsel or selling, the salesperson gives all the information, advice, or selling effort needed.

All the time-proven rules of good salesmanship still apply in the self-service store. The salesperson sells whenever he can. The salesperson suggests substitutes for out-of-stock items when necessary. And the salesperson still sells associated and related items whenever he can.

The need for product knowledge and demonstration "know-how" is more important than ever before in a self-service store, because the salesperson has more time available even at peak periods, for creative selling. The salesperson should read the labels on the packages, study the pamphlets, and learn how to present merchandise more effectively.

The energetic and aggressive salesperson will find himself in a comparative "sales heaven" in the self-service store. Instead of "rushing" peak period customers in their buying in order to get to others waiting, and instead of spending time "tying up the package for the six bars of soap" or "ringing up the money for the two cans of fruit," the sales person can be engaged almost exclusively at peak periods in moving merchandise.

Thus, in a self-service store, as in no other type of store, the salesperson can cash in on knowledge and ability. For the greater the salesperson's product knowledge and sales ability, the more effective, productive, and ultimately rewarding his earnest efforts will be!

5. Let Customer Resume Shopping

While the salesperson may close the sale, he never "terminates" the shopping trip. After making a sale, the salesperson either hands the item to the shopper, or--in the case of a larger article--places it in a cart and says, "Look around, there might be something else you need."

Thus the customer is back in circulation--free to buy, and the salesperson is back in circulation--free to sell.

As can be seen from the foregoing five steps in giving on-the-spot service, the customer is permitted to take his own approach to every item. He is given self-service where wanted and is given personal service where needed. Moreover, the salespeople are given a chance to sell at peak periods because they attend only to the needs of those customers who require on-the-spot counseling or selling.

These five steps should be impressed thoroughly upon the staff members of a newly opened super market or any

newly converted store. Their approach should be carefully supervised, especially during the first days after conversion. Violation of these five principles will most certainly result in dissatisfaction with self-service on the part of customers, salespeople, and proprietor. Service will be slow, confusion will result, sales will be lost, and volume will suffer.

II. IMPULSE BUYING

The idea of impulse buying is not new, but with the rise of self-service, super markets, super drugs, and variety stores, there is a greater incentive than ever before to encourage shoppers to throw away their shopping lists, and buy more than they ever intended.

Wherever possible, merchandise signs should, in the briefest form possible, both explain and sell the article. The name of the item, its price, use, and features, are some of the questions the customer will want answered. The purpose of the merchandise sign is to supplement the item and its package in supplying complete information about the product. The product itself, the package, and the sign are three silent salesmen. The more attractive they are, and the more complete their story, the more merchandise they will be able to move.

Mass retailers are breaking down traditional merchandise groupings to induce additional traffic flow and to increase impulse sales. For example, mass retail drug stores place antiseptic mouth washes with dental needs as well as in their own Antiseptic section. By this means, customers are exposed more frequently to the impulse pull of this merchandise. Several ways in which display arrangements can increase the average sale. For example, the small, medium, and large sizes of an article can be displayed from left to right in that order. It is felt that the right-handed customer will most naturally reach for the large size, which is on the right.

The end-aisle displays are the most prolific sales producers because of their three-sided exposure. Because they are situated in heavy-traffic areas, they can sell more goods than ordinary shelf displays of the same products. The end-aisle has become the objective of all the manufacturers who seek extra sales on their products. On the shelves too, certain preferred positions are given to various products. The eye-level shelf obviously is more readily seen by the consumer than shelves at other levels. Related-item selling is another device used frequently to increase sales

of certain products. Under this method, products used together are displayed together.¹

Formerly grocery chains depended on personal service to push a product; today with the rise of the self-service super market, the business has about 1,500,000 fewer employees than it would otherwise need. What sells is what appeals to the customers' impulse: the color, the size, the shape, even the shelf position of the package. Packaging is only half the battle. The right spot on the shelf in the right aisle is a matter of life and death, since stores can control the sale of almost any item by the position they give it.² As one West Coast adman says: "Mrs. America does not just buy what she needs; she buys what she wants."³ Many consumers buy items they had not planned buying.

Nowadays there are 10,000 different products a housewife can choose from in an average super market--a galaxy of brands, varieties, and packages. More than seventy per cent of a person's purchases are impulse buyings. If the

¹Max M. Zimmerman, The Super Market (New York: McGraw-Hill Book Company, Inc., 1955), p. 25.

²"Impulse Buying," Time LXXIV (November 16, 1959), 105.

³"Dupont Survey," Fortune, XXXV (August, 1953), 30.

package can arrest the customer's eye, and cause him to drop the item in his shopping cart, it has done its job well. Louis Cheskin, head of the Color Research Institute, says:

shoppers are not conscious of the effect a package has on them They do not know what imagery, color and design caused them to take a particular package.⁴

To summarize, just as science has been developed through the years to train salespeople to sell merchandise, so is there a science being developed to equip merchandise to sell itself. Merchandise, itself, is given a prominent selling role in the mass retail store. Items are on open display and are properly packaged; signs help tell the selling story, and items are placed to complement each other. As a result, mass retailers are reporting that merchandise is often its own best salesperson. It has a silent but insistent voice, which discreetly demands an answer from all who view it. It is a salesperson that never stops selling, and which converts itself into sales dollars at the lowest possible cost.

⁴"The Wonderful World of Packaging," Changing Times, XII (June, 1958), 13-17.

III. THEFT

This corrosive crime that already takes at least \$250 million worth of goods from the U.S. super markets each year tends to spread. A Seattle manager says: "About the only sure way to stop this stuff is to set your store up in a nudist colony." By now this manager is suspicious of just about any housewife who carries a big bag, wears a full skirt, or wraps up in a fur coat on a warm day.⁵

National Food trains clerks now by film slides and lecture tapes and most chains have reinforced their security measures. The defense devices used by this particular food chain create the danger of a Gestapo atmosphere in a store where impulse buying is basic to sales.⁶

Of course, customer exposure to merchandise always brings to mind the fear of shoplifting. This is because it must be admitted that the same impulse which prompts buying can be so strong that it will even tempt some to be shoplifters. But since many more people buy an item rather than steal it, the risk is well taken. As expressed by one merchant, "Pilferage (of openly displayed merchandise) pays

⁵"Shoplifters," Time, LXXI (May 5, 1958), 19.

⁶Ibid.

for itself out of increased sales."⁷ Norman Jaspán, a manager consultant with Investigations, Inc., was quoted as saying that a study by his firm showed that thievery among store managers and supervisory employees "is far more substantial than malpractices by rank and file workers; and makes what customers steal seem penny-ante by comparison."⁸

When grocers first started in mass retailing, they were concerned about shoplifting. Some agree that the possibility of shoplifting is greater, but the cost of doing business is so much less that it makes the loss from this source negligible. Mass retailers in all lines of business have stopped worrying about probable losses from shoplifting, except to be constantly on the alert against them.

The following are several factors which establish control over shoplifting.

1. Salespersons in Aisles

Salespersons "floating" in the aisles, as opposed to salespersons confined to fixed locations behind counters,

⁷"Thievery in Super Markets," Science Digest, XXXV (January, 1959), 29.

⁸Ibid.

provided a definite curb to shoplifting. It must be remembered that even in full clerk-service grocery stores, many items are on open display on counter and table tops, available for customer self-selection (and pilferage). With salespeople at fixed locations behind service counters, it is easier for the would-be shoplifter to judge whether or not he is being watched, and to seize the proper moment to conceal an article. But in a self-service grocery store, or any other self-service store, with salespeople roaming in the aisles, the shoplifter never knows at what instant he may be under supervision, and thus he finds it more difficult to obey the impulse to steal.

2. Displays Kept Below Eye-Level

Wherever possible all displays should be below eye-level at their highest point. This permits supervision and, more important, places a psychological restraint on the shoplifter, in that he feels more exposed to the scouting of store personnel. However, it seems that only a very small percentage of super market operators adhere to this principle.

On a survey, conducted by the National Cash Register Company, Research Department, it was discovered that of the sixty-eight super market operators that commented on the

possibility of shoplifting: twenty-eight reported less shoplifting, twenty-six reported no increase, and fourteen reported possible slight increase; (five of the fourteen stated that the check-out lane type of control would reduce shoplifting. Two blamed lack of supervision for the increase rather than the check-out system. No super market operator believed shoplifting a serious enough problem to compel a reversion to clerk-service.

some 9,000 retail outlets with a combined sales volume of about 12 billion dollars a year.

II. COMPANIES OF ALL STATES

The Super market institute is made up of companies of all sizes, ranging from one store to many hundreds of stores. The composition of the list membership has been the same for many years; about one-third operate a single store, another third between two and five stores, and the remainder six stores or more. Roughly half of the members are "chains" and half are "independents"--their common interest is the super market method of merchandising.

To put it in another way, super merchandising according to the SMR is a method of selling, not a kind of ownership. The super market industry includes the chains of the Big board--and it includes the smaller operators who provide

CHAPTER VI

THE SUPER MARKET INSTITUTE

The Super Market Institute is the trade association of super market operators who have banded together to learn, to help each other and to improve the art of super marketing. Currently, SMI represents about 750 companies operating some 9,000 retail outlets with a combined sales volume of about 12 billion dollars a year.

I. COMPANIES OF ALL SIZES

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To put it in another way, super marketing according to the SMI is a method of selling, not a kind of ownership. The super market industry includes the chains of the big board--and it includes the smaller operators who provide

much of the initiative and ingenuity that later finds its way into the big chains. Indeed, as mentioned earlier the first super market was opened by a small operator, King Kullen. It is this fact, that the innovations in the industry have come primarily from the smaller organizations, that makes it so important for the members of the SMI to keep their eyes on more than the top of the iceberg.

In the SMI and within the super market industry, there are today many companies with tremendous possibilities for growth. One of the duties of the SMI is to encourage these smaller organizations with advice, and sometimes even financing.

The SMI membership is typified by the men who have served as president since the Institute was organized in 1937, shortly after the birth of the super market--from the late Will Albers, one of the very early super market pioneers, to the current president, Henry J. Eavey, creator of what is generally considered the world's finest super market in Fort Wayne, Indiana.

II. MANAGEMENT TOOLS FOR CONTINUED GROWTH

Over the years, the services of Super Market Institute have grown in number and in scope, along with the growth

and maturing of the industry. A listing of these services, along with a brief description, is contained in their booklet, How Super Market Institute Serves Its Members and Its Industry, copies of which are available on request.

While SMI services vary in approach and content, they all have in common the aims of improving productivity and operating efficiency and of developing human resources--to contribute to the continued progress and success of the super market industry.

As part of its concept of The University of Food Retailing, SMI provides these services to its members which may be of particular interest to the reader:

1. The quarterly figure exchange, a report of operating and merchandising results based on comparable accounting definitions and methods. Industry averages on sales, gross and net profit, expenses, labor control and other important ratios enable operators to measure their performance against that of others, set standards, locate strong and weak points, and analyze and improve their operations;

2. The General Management Division, which deals with such specialized problems of general management as organization, long range planning, fiscal policies, executive compensation, and real estate management.

3. Executive Development Seminars for middle management executives. (Paranetically, each SMI meeting, publication or activity serves the purposes of education, training and preparation for leadership--helping assure continuity of able management, a subject of justifiably close concern to super market operators.)

Consultants at SMI meetings include not only super market specialists but also specialists in economics, marketing and financing (as well as in such areas as shopping centers, store location, organization, taxes, work simplifications, and personnel).

III. RAPID GROWTH OF INDUSTRY

Year after year, the SMI studies have shown substantial sales increases by their members. An operator who attained the average sales increase each year just about quadrupled his sales volume in the ten years from 1947 to 1957. During the same period, the three biggest national grocery chains averaged a sales increase of 94 per cent, sales of all U.S. grocery stores advanced 85 per cent, sales of all U.S. retail stores increased 63 per cent,¹ and the Bureau of Labor Statistics Index of Retail Food Prices rose 19 per cent. This shows that the increase in receipts was not mainly due to the increase in food prices. Most of the increase comes from actual increase in items sold.

The super market industry is a young industry. According to the latest edition of the SMI annual study as of a year ago:

¹Super Market Institute, The Super Market Industry Speaks: 1959 (Chicago: Super Market Institute, Inc., 1959), 22.

1. one-eighth (12%) of the super markets are less than one year old;
2. one-fourth (24%) of the super markets are less than two years old;
3. one-third (35%) of the super markets are less than three years old;
4. one-half (50%) of the super markets are less than five years old;
5. three-fourths (77%) of the super markets are less than ten years old.²

Such a tremendous rate of expansion makes for rapid obsolescence. Accordingly, the vigorous program of new construction has been accompanied by extensive remodeling of the older stores.

Fully 28 per cent of all super markets more than three years old have undergone major remodeling in the past three years alone. Even some of the super markets built within the past three years have already been substantially remodeled (involving structural changes or large investments in new equipment).

Each year, close to half of the members engaged in store expansion, with new building, acquisitions, relocation of less efficient units, and extensive remodeling of older stores.

The above figures show very clearly the dynamic nature of the super market industry. Opportunities for growth still abound in the industry which is the biggest as well as the most stable of all major industries.

What about mergers? According to the 1959 annual SMI study³ again one out of every four new super markets added in 1958 were added through purchase or merger, the same proportion as a year earlier.

Of all the super markets operated by the SMI members at the time of the survey six (17 per cent) were acquired from other operators. Over the years, 22 per cent of the companies have grown, at least in part, by acquisition of established super markets--these companies obtained 32 per cent of all their present super markets in this manner.

By comparison, the very first annual SMI survey in 1948 showed a fairly similar picture. It disclosed that 13 per cent of all the SMI member supers then in operation had been acquired from other operators; that over the years 31 per cent of the companies had grown by acquisition--these companies had added 30 per cent of all their supers by this means of expansion.

To sum up so far: Sales have risen tremendously. Expansion has proceeded at a fast clip. In the ten years of the SMI studies the average sales of the average super market have climbed from under \$700,000 in 1947 to over \$1,800,000 in 1958.

³The 1960 SMI study is currently under way and it will be made public in July.

IV. PREPACKAGING OF PERISHABLES

Virtually all super market operators do some pre-packaging in their super markets, but it must be seriously questioned whether the super market is the most efficient place for prepackaging perishables into consumer size units.

It would seem that, in the long run, prepackaging is not a proper function of retailing when it does not involve merchandising or promotion.

Technological advances--perhaps in the form of irradiation, cold sterilization, antibiotics and dehydration--should lengthen the life of perishable food products while maintaining full flavor and appearance, leading to considerably more prepackaging of meat and produce by the supplier.

It is interesting to speculate on the effects of such developments on store operating costs, waste and spoilage reduction, space requirements (both in the selling area and the preparation area), refrigeration needs and merchandising policies.

The idea of self-service is so widespread and well-accepted today that it is perhaps easy to lose sight of the tremendous advance which it represents. In a sense, it might be said that self-service in a retail store is the equivalent of mechanization, by shifting the function of

of order assembly from the retailer to the customer. The number of items available in a super market has expanded enormously in recent years.

In 1950, the SMI members reported an average of 2,200 items in the grocery department. (Each brand, size, flavor is counted as a separate item). In 1955 they averaged 3,500 items. And three years later, in 1958, they averaged nearly 5,000 items in the grocery department alone--offering the American family a much larger variety and selection.

V. NON-FOODS IN SUPER MARKETS

The first annual study, the 1949 edition of "The Super Market Industry Speaks," pointed out that "non-food items like soap, polishes, brooms, matches, paper goods and cigarettes had been part of the grocery department for a long time; but that the new so-called non-food departments were quite uncommon in super markets except for health and beauty aids (which were then carried by 64 per cent of the SMI member markets).

The annual SMI reports thereafter chronicle a gradual growth in non-food lines handled.

A quotation from the 1952 report is typical:

While the super market is, and may be expected to remain, primarily an outlet for the distribution of food products, it is hard to find an operator who has not added non-food lines in recent years.

This same conclusion might have been written each year up to and including the latest report.

In 1954, non-foods accounted for 3.5 per cent of total sales (not including items commonly carried in the grocery department, such as cigarettes, soap, and paper goods).

Two years later, in 1956, the typical share of non-food sales rose to 5.0 per cent of total sales.

In 1958, the latest year for which data are available by the SMI annual study, non-foods again produced 5.0 per cent of total sales.

In individual companies, non-food sales ranged from less than one per cent of sales to about half of total sales in one instance. The middle half⁴ of the companies achieved non-food sales between about 3 per cent and 8 per cent of the total.

Non-foods are a separate department in 27 per cent of the super markets, with at least one full-time employee

⁴"Middle half" according to the SMI includes the companies between the one-quarter and three-quarter points, thus omitting the extremes.

in charge. Nearly all super markets (98 per cent) now carry health and beauty aids. Housewares and women's hosiery are in second and third place--these lines are handled regularly by 87 per cent and 81 per cent of the super markets, respectively. Stationery is found in 74 per cent of the super markets, children's books in 73 per cent, and a general line of magazines in 71 per cent.

Other non-food lines handled on a regular basis by more than half of the super markets include glassware, baby needs (other than dog and cat food), phonograph records, hardware, garden supplies and children's socks.

The following lines are carried by from one-third to half of the supers: underwear, photographic supplies, greeting cards, notions and sundries, and "other" soft goods.

In addition to these classifications, many other types of merchandise lines were mentioned to SMI by some operators--from shoes to furniture, from floor coverings to pharmacy departments, from jewelry to sporting goods and camping equipment.

Other important trends include the growth of retailer-owned cooperatives and wholesaler-sponsored voluntary chains. About half of the SMI member companies share mass buying

and other benefits through affiliation with a co-op (34 per cent) or a voluntary group (18 per cent).

VI. CHARACTERISTICS OF NEW SUPER MARKETS OPENED IN 1958

To supplement this overall picture, the Super Market Institute also studies the characteristics of the new super markets. The latest SMI report, covering new units erected in 1959, gives the following picture of the current model: "the new super markets average 20,500 square feet in size, of which 13,100 square feet (or 64 per cent) are devoted to selling area."

The new units average \$35,200 a week, and sales per square foot of selling area are \$2.63 a week. Nearly half of the stores under study were erected as part of a new shopping center.

Most of the new super markets (71 per cent) are leased--53 per cent from an independent landlord, and 18 per cent are occupied under a build-sell-lease back arrangement. The remaining 29 per cent of the new super markets are owned by the operator, in most cases through a subsidiary.

Typical rent expense ratio for the leased new super markets opened in 1958 amounts to 1.50 per cent of sales, same as the year before.

Investment Required for a New Super Market

What does it take to open a new super market? Building cost averaged about \$11 per square foot of total store area (including cost of building structure and permanent immovable improvements)--\$12- $\frac{1}{2}$ per square foot of main floor area. Over-all capital investment averaged \$21 per square foot of total store area, \$24 of main floor area (including land, building, leasehold improvements, store equipment and fixtures; excluding parking lot, opening inventory and all operating expenses).

Thus the "typical" super market of 20,500 square feet opened in 1958 cost close to one-quarter million dollars to build and required an investment of close to half a million dollars. To this must be added the cost of inventory and many expenses such as opening promotions and hiring and training new personnel, which are required to get a store ready for opening.

The writer should mention here that the figures included in this chapter come from two annual SMI studies, The Super Market Industry Speaks, and Facts About New Super Markets. Copies of these reports are available to everyone.

CHAPTER VII

DRUG STORES

Since about 1949 there is growing evidence that a large part of the retail drug industry is going to fight the encroachment of super market methods. During the first six months of 1954, the Market Research Department of the National Cash Register Company conducted a survey on merchandising trends and on the use of and need for National cash register products in drug stores in the United States. It was found that there are 650 drug stores in the United States which had already converted to complete check-out. Every store surveyed reported benefits from check-out operations, some, of course, were more successful than others. This was due to a great extent to the varying degrees with which the principles of self-service and check-out were understood and had been applied. Significantly, the most successful check-out drug stores were operated by ex-food store people, such stores reporting operating figures that could be compared quite favorably with cost percentages usually found only in food stores.

The most significant figures--which were reported separately throughout the survey--were those received from

the most efficiently operated check-out stores--operated by people with past experience in super markets--such figures represented what could be done by drug store operators who know how to apply check-out properly.

I. PROBLEMS OF DRUG STORES

There are four basic problems facing drug store operators today.

1. Decreasing Profit Margins

Even though sales volume in independent drug stores had increased 55 per cent since the war, the druggist is earning no more in profits because of this increase in sales. The average store reporting to the Eli Lilly Company shows volume and profit as follows:

	<u>Volume</u>	<u>Profits</u>
1945	\$62,038	\$5,877
1948	69,422	5,951
1950	83,641	4,929
1953	96,235	5,709

Thus, with volume up 55 per cent, and with no increase in profits dollar-wise, net profits as a per cent of sales have declined 38 per cent, or from 9.5 per cent of sales in 1945 to 5.9 per cent in 1953.

2. Peak Period Service Problems

Consumers' buying habits are changing. Going to market used to be a pleasant diversion for the American housewife. Now, however, with countless other duties and interests crowding in upon her busy day, the housewife wishes to compress more and more of her buying into a few hours each week. Thus, the time saving efficiencies offered by the super market type of retailing are exactly what she wants.

Even though customers do not have definite days for shopping in drug stores, as they do in food stores, large numbers of customers are pulled into shopping areas on week-ends by the super markets. Thus retail stores of all types feel to some extent, and must handle, the same daily and weekly traffic surges experienced by the nearby food stores.

Frequently, whole families shop together, particularly on week-ends, adding to the traffic burden of all stores in the shopping area.

Drug stores of today are called upon to serve the needs of more people. This is due to the increase in the number of families, the mounting national birth rate, the increase in the life span resulting in a greater number

of elderly people, and the greater general interest in health and hygiene.

Drug stores, already known for the diversity of their lines of merchandise, are still constantly expanding old and adding new lines.

In addition, new remedies and preventive medicines add to the druggists' store traffic load, often creating peaks in store traffic at certain seasons. While all of these factors result in higher volume in today's drug stores through increased customer traffic, nonetheless they create a serious problem in rendering proper service and in realizing the stores' greatest potential volume at peak periods.

3. Personnel Problems

The seriousness of peak period service problems is aggravated by a general decline in store personnel efficiency.

Present profit margins do not permit bidding in a competitive labor market for the best type of store employees. Thus the drug store operator is faced with the problems attendant to the employment of lower-priced sales help such as poor attitude, absenteeism, fast employee turnover, and dissatisfaction.

These negative factors not only make it difficult to handle store traffic properly, particularly during peak periods, but they add to the burden of training sales help in the computation of taxes, and in the handling of money and records.

4. Competition

An increasing number of items traditionally handled by the drug stores are being sold to a greater extent each year by other lines of business, notably the food super markets.

In an article recently published by the Progressive Grocer, it is stated that food stores are now selling \$510 million dollars worth of drug and toiletry items a year. This figure represents 40 per cent of the total U.S. sales of these drug and toiletry items.

It is emphasized that customers visit food stores "200 to 250 times a year" and in many instances customers, themselves have requested food store operators to make the health and beauty aid department larger.

As a result of the public acceptance of non-food items in food stores, this article states that, "one out of two stores will give more space to drugs--three out of four will add more items in 1957."

In the past five years, the drug stores' percentage of total retail sales in the United States has dropped almost 10 per cent. This is due, of course, to a great extent to the rapid expansion of the sales of drug toiletry items in food stores.

As was told in the article in question, not only drug store lose volume on these popular health and beauty items carried by the food stores, but, since these are basic "demand" items that the druggists have traditionally depended upon to pull customers into their stores, the potential sales of many "impulse" items are also lost when such merchandise is purchased elsewhere.

II. TURNING TO SELF-SERVICE

An analysis conducted by the Research Department of the National Cash Register Company shows that there are five basic advantages through the installation of self-service with check-out in drug stores, each of which either reduces or removes one of the four problems discussed in the preceding section of this chapter.

Before turning to these advantages, it is important that some general principles be understood. First, the drug field is now in the position that the food stores were

in about fifteen years ago. Many questions regarding layout, merchandising practices, and training of personnel have yet to be answered. The individual who is seeking all the answers to all the questions on how to apply self-service with check-out to drug stores is bound to be disappointed.

Second, the reader will note that the two terms self-service and check-out are used to describe the system under discussion. The first term, "self-service" means that merchandise is on open display, subject to self-selection by the customer. The second term the "check-out" means that the acceptance of money by the store is speeded up to match the speed with which customers can select the merchandise.

Finally, there is one significant difference in favor of the drug stores and that is the fact that shoppers' habits have changed to where they are now ready for the switch to check-out, even ahead of the drug store operators readiness to make the change.

Profits Increase

The most important advantage of switching over to self-service with check-out type of operation is that profits increase because volume goes up without a necessary increase in expenses.

According to the survey conducted by the National Cash Register Company over 75 drug stores the following findings were reported:

Thirty-nine stores had opened new as check-out. Twelve stores had increased in size, which would tend to increase volume figures over and above the effect of check-out. Nine stores did not indicate before and after volume figures.

The remaining fifteen stores were the same size before and after check-out, and provided the company with before and after volume figures.

The following table shows the volume increase in these fifteen stores:

<u>No. of Stores</u>	<u>Volume Increase</u>
2	under 10%
3	10% to 19%
5	20% to 29%
0	30% to 39%
5	Over 40%

Total volume before check-out in the above fifteen stores ranged from \$46,000 to \$250,000. Total volume after check-out ranged from \$50,500 to \$300,000. The average volume before check-out was \$126,000 and after check-out

it was \$163,500. The average increase in volume in these fifteen stores was 30 per cent. With no increase necessary in operating costs, the gross profit on the increased volume becomes net profit.

In the same survey it was reported that the amount of volume done per employee in ten stores when compared with the volume done per employee in conventional drug stores of the same volume size, the efficiencies of the check-out system are sharply defined.

In an article published in the Business Week, it states that the Bulman Company of Grand Rapids, makers of self-service display fixtures, reported that of the several hundred stores in which it had made check-out installations, not one had failed to boost overall volume at least 20 per cent. Some stores had even doubled their volume.

Expenses Are Reduced

Although the check-out system does not mean converting to full self-service, with drastic reductions in the number of employees--and with fewer peak period employees--results in a lower salary cost as a percentage of sales. This is the largest single factor contributing to the reduction of expenses in check-out drug stores.

Twenty-three of the stores surveyed by the National Cash Register Company reported both before and after salary expense as a percent of sales. Twenty of these stores reduced salary expense as follows:

<u>No. of Stores</u>	<u>Decrease in Salary Expense As a Percent of Total Sales</u>
1	0% to 1%
5	1% to 2%
6	2% to 3%
2	3% to 3%
1	4% to 5%
2	5% to 6%
3	6% to 7%

The average salary expense in these twenty stores was 13.8 per cent before, and 10.8 per cent after converting to check-out.

Only three of the 23 stores reporting before and after salary expense noted either no change or a slight increase in salary expense percentages.

Peak Period Service Improved

The real key to the success with which check-out will function in any non-food store is the degree to which customers will serve themselves when permitted to do so.

Fifty-five of the 75 drug stores surveyed by the National Cash Register Company produced estimates of the number of customers that served themselves at peak periods, paying at the check-out counter for merchandise already selected without the need of a salesperson participating in the sales. These stores reported as follows:

<u>No. of Stores</u>	<u>% of Self-Service</u>
3	35% to 49%
21	50% to 74%
31	75% to 90%

Considering these stores as a whole, an average of 70 per cent of the customers waited upon themselves at peak periods with little or no help from the salespeople on the selling floor.

With the super markets now selling 40 per cent of the most popular "drug" items, this certainly proves beyond any doubt that customers will shop for themselves for such drug items, if permitted to do so.

It was further reported to the NCR that the above 55 drug stores estimated an average of 87 per cent of their merchandise, with the exception of fountain and prescription departments was on open display.

However, the placing of merchandise on open display subject to customer self-selection is not the only factor

required for the success of the self-service stores. A faster system of handling the customers' purchases is also required. For example, merchandise has always been openly displayed in variety stores. But it has not been until the advent of check-out that variety stores have been able to achieve the full benefits of self-selection, with consequent increases in volume and profits, and decreases in expenses.

Attractive openly displayed merchandise imparts many impulses to buy to the store's customers. But purchases are not sales until money has changed hands, and, therefore, the taking of the money must be speeded up to match the rate at which customers can select the merchandise. Therefore, the check-out counter is of great importance to the success of the self-service operation.

Personnel Problems Are Reduced

The check-out drug store operators gave the Research Department of the National Cash Register Company five basic reasons why the check-out system reduced their personnel problem.

1. Fewer contacts are necessary between customers and salespeople. The check-out system transfers the major

portion of the job of rendering customer service from the salesperson to the customer. As mentioned earlier, in the drug stores surveyed, an average of 70 per cent of the customers serve themselves at peak periods, paying for merchandise selected at the check-out counter, without the necessity of the salesperson participating in the sale.

Thus, the check-out drug store is less dependent upon the personality traits of the salespeople, whose courtesy, cheerfulness, and willingness to serve sometimes wear a little thin, particularly when the store is crowded with customers.

2. Fewer employees handle money, compute taxes, and add up sales. Consolidating the handling of cash from a number of salespeople to a few cashiers represents a considerable reduction in mistakes and money shrinkages.

Another major advantage is the removal of temptation from salespeople.

3. Need for part-time help is not as great. This factor in the reduction of personnel problems not only cuts operating costs, but saves the store operator much of the time and trouble spent in procuring large numbers of part-time salespeople.

4. Training and supervision problems are reduced. Check-out store operators in many respects find that training

salespeople had been simplified by converting to check-out. Even in smaller check-out stores, employees can be divided into two basic groups and trained along one of two lines.

One group is largely responsible for stocking the floor, price-marking, and giving service to the customers wherever needed.

The other group is responsible for the cash registering functions at the check-out counters.

5. Employees find the work more enjoyable. Again with 70 per cent of the customers carrying their own service, salespeople are no longer besieged by impatient customers either trying to get help in the selection of merchandise, or in trying to get rid of their money. Thus, much of the stress and strain of trying to keep up with the demands of customers at peak periods is removed.

Check-out Helps Meet the Threat of Competition

The druggist must face at the outset the fact that he has fewer chances to sell merchandise to his customers than the food super market has, simply because his customers visit the food store more frequently than they visit a drug store.

Thus, it certainly behooves the druggist to utilize every possible means to fill as many of his customers' needs as possible each time they come into his store.

The drug store operators reported to the NCR that the best means to do this is to:

1. display as much merchandise as attractively as possible on open display;
2. permit the customers to shop the complete store without interruption, without sales pressure, and at the pace they choose;
3. render the best possible personal and professional service to customers only at those points in the store where the customer indicates that such service is desired.

This shows that the druggist uses very much the same means to sell to his customers that the food store is using to sell to its customers.

It should be emphasized at this point that the druggist has one advantage over the food store. That is the factor of personal and professional service which he renders his community.

In considering whether or not he should convert to self-service with check-out, the druggist should understand very clearly that every element of service and professional dignity in his present store can be retained. In fact, as has been established, self-service with check-out actually adds to the effectiveness of the store's professional staff.

As expressed by one druggist:

If the druggist will but keep in mind that the best way to meet the threat of competition is to do as his competitor does, and at the same time, magnify and

enhance his store's ability to render close personal service to its customers, then future success will be assured.¹

In dealing with the topic of competition, it might be well to consider a form of competition described by one merchant. He said:

Before putting in open display fixtures, my greatest competition existed right inside of my own store. My customers were competing for the services of my clerks mostly in trying to get rid of their money. Now, however, after converting to check-out, no matter how busy my store is, customers seldom find themselves in competition with one another for the services of my salespeople.²

The variety store operators face more problems today than any other retail establishment. There are five basic problems faced by variety store operators today.

1. Profit Margins are Being Squeezed

As revealed by figures from Harvard Report on Variety Store Operations, prepared by the Division of Research, Harvard Business School, nine leading variety store chains (chains which do 70 per cent of the nation's variety store business), have increased their net profit margin 25 per cent since the war, but have suffered a 40 per cent drop in profits, from 6.9 per cent in 1946 to 4.1 per cent in 1954.

¹Market Research Department, A Survey of Drug Store Operations (Dayton: National Cash Register Company, 1957), p. 49.

²Ibid.

CHAPTER VIII

VARIETY STORE OPERATIONS

This chapter is devoted in the last field of self-service operations the writer intends to investigate. It is felt that these three fields are representative of the self-service operations, and therefore should be valid for the entire retail self-service business.

I. PROBLEMS OF VARIETY STORES

The variety store operators face more problems today than any other retail establishment. There are five basic problems faced by variety store operators today.

1. Profit Margins are Steadily Declining

As revealed by figures from Harvard Report on Variety Store Operations, prepared by the division of Research, Harvard Business School, nine leading variety store chains, (chains which do 70 per cent of the nation's variety store business), have increased their dollar volume 28 per cent since the war, but have suffered a 40 per cent drop in profits, from 9.9 per cent in 1946 to 5.9 per cent in 1952.

In another survey conducted again by the Harvard Business School in eleven smaller or regional chains, sales

increased 26 per cent from 1946 to 1952, while profits dropped 42 per cent from 10.19 per cent of sales in 1946 down to 5.88 per cent in 1952.

2. Rising Expenses

As stated in the annual report of Harvard University, "In all the years since 1929, payroll figures in variety stores have never been as high as they were in 1952." In this report there were a number of graphs illustrating the increase in payroll costs and operating expenses in national chains as well as regional chains from 1946 to 1952. The payroll costs in percentage of sales have steadily increased over the years in question from 15.5 per cent to 18.14 per cent for eleven national chains, and a little more for the fifteen regional chains they have investigated.

3. Peak Period Service Problems

Shoppers are tending to compress more and more of their buying time into a few hours each week. The trend toward "one-stop" week-end shopping, with whole families shopping together, attempting to fill all their needs on one trip, creates serious service problems, particularly in shopping center stores.

Moreover, the traditional seasonal rushes such as Christmas, Easter, Valentine's Day, Halloween, Fourth of

July, Mother's Day, and Back to School Days, create greater peak period service problems than ever before.

Finally, the expansion to higher priced lines, resulting in the need for explanatory selling, adds to the peak period service load in today's variety stores.

4. Personnel Problems

When general employment level is high the variety store operator is compelled to enter a competitive labor market in search of personnel for his store. Present profit margins do not permit high wage levels. Thus the variety store owner is generally faced with the problems attendant to employment of low-priced sales help such as fast employee turnover, poor work attitudes, and absenteeism.

In addition, the weekly and seasonal peak periods compel the variety store owner to keep a stockpile of possible part-time sales employees. However, frequently part-time employees fail to show up at the last moment, causing curtailment of the store's effective operation or requiring additional effort to locate replacements for the absentees.

The high rate of employee turnover adds to the burden of training saleshelp in the location and features of merchandise, prices, addition, computation of taxes, wrapping, recording and making of change.

5. Competition

An increasing number of items traditionally handled by variety stores are being sold by other lines of business. Other types of stores, notably the food super markets, are adding and expanding such lines as drugs and toiletries, fast moving hardware items, housewares, stationery, greeting cards, toys, and books.

It is believed that self-service with check-out offers relief from the five basic problems just outlined.

II. ADVANTAGES OF SELF-SERVICE

1. Personnel Problems are Reduced

Because volume is increased with need for less employees, particularly at peak periods, more money can be paid to regular employees. This helps to maintain and improve employee morale and reduce employee turnover. It should follow that these stores are now in a better position to compete with other stores and other employees in the labor markets for a better grade of sales employees.

Fewer contacts between customers and salespeople are necessary. The check-out system transfers the major portion of the job of rendering customer service from the salesperson to the shopper. Of course, this relieves the

variety store operators of having to face last-minute emergencies when salespeople failed to show up at the last minute.

Fewer employees handle money. Consolidating the handling of cash from a number of registers to a few represents a considerable reduction in time, work, mistakes, and money shrinkages. In addition the temptation of embezzlement is reduced considerably.

2. Service Improved and Expenses Reduced

The key to the success of the check-out type of operation in increasing sales and profits is that check-out eliminates the peak period service bottleneck at each counter. Self-service with check-out permits the customer to travel from counter to counter, making selections at will with nothing to impede her progress or to interfere with her buying.

In addition to variety store, many other lines of business, such as hardware, drug, stationery, sporting goods, apparel stores, and bakeries, even though offering personal service whenever and wherever needed in the store, are finding that sales and efficiency increase when they associate the customer with attractively and openly displayed merchandise provided by a self-service store.

One of the major problems of the variety store operator is rising expenses. The major reason for the climb in expenses is the factor of employees' salaries.

Although the check-out system does not mean converting to full self-service, with drastic reductions in the number of employees--and with fewer peak period employees--results in a lower salary cost as a percentage of sales.

The degree of self-service in various departments, and having a minimum volume of sales per employee, is a key factor in determining the number of employees required. For example, a store with annual sales of \$1,000,000 per year, which carries an inventory value of \$200,000, would require approximately 100 employees. This reduction should not include other non-food stores which may operate on self-service and having approximately the same volume of sales or more in terms of dollars.

The food super market is of so much more importance than other non-food self-service stores and, moreover, it is so much more widespread and accepted by the public that little can be said about the contribution of the self-service non-food stores. Indeed, the non-food self-service stores are so small in number that they are not even felt by the public and therefore their economic impact is relatively insignificant.

CHAPTER IX

CONTRIBUTION OF THE SUPER MARKET

AND ITS ECONOMIC IMPORTANCE

All now agree that a super market is a departmentalized food store, the basic departments generally being groceries, produce, and meats; with complete self-service in the grocery department and with increasing degrees of self-service in other departments; and having a minimum volume of sales set by some authorities at \$375,000 to \$1,000,000 per year. Stores which qualify in all but sales volume are often termed superettes. This definition should not exclude other non-food stores which may operate on self-service and having approximately the same volume of sales or more in terms of dollars.

The food super market is of so much more importance than other non-food self-service stores and, moreover, it is so much more widespread and accepted by the people that little can be said about the contribution of the self-service non-food stores. Indeed, the non-food self-service stores are so small in number that are not as yet felt by the public and therefore their economic impact is relatively insignificant.

According to the 1954 Census of Business, there were 385,000 food stores of all types in the United States, as of 1954; all of this total, 6,334 stores had individual sales of \$1,000,000 or more, and 16,466 stores reported sales figures ranging from \$300,000 to \$1,000,000 each. Remembering the definition of annual sales of \$375,000 or more, one source has estimated that at the end of 1955 there were 20,500 food super markets in this country;¹ another source places the number at 24,700.²

Super markets are the pivot on which modern food marketing turns--and the food industry is the largest segment of the American economy. Even without considering the ramifications in transportation, real estate, advertising, insurance, finance, and other supporting industries, the figures are impressive.

1. The nation has 7 million agricultural workers, most of them engaged in the production of food.³

2. Of the 16.6 million people employed in manufacturing in 1955, 9 per cent were engaged in processing food and beverages.⁴

¹Super Market Merchandising, February 1956, p. 39.

²Progressive Grocer, March 1956, p. 52.

³Estimate based on data in Monthly Labor Review, September, 1956, p. 1088.

⁴Ibid., p. 1089.

3. Of the 2.9 million people working in various segments of wholesaling in 1955, approximately 11 per cent were directly connected with food selling, and another 14 per cent were engaged in distributing farm products.⁵

4. Of the 8 million people employed by the retail trades in 1955, approximately 17½ per cent worked for food stores.⁶

5. Of total personal consumption expenditures of \$254 billion in 1955, \$67 billion was expended for food stores, in restaurants, in institutions, and on farms.⁷

6. Of total retail sales of \$170 billion in 1954, \$40 billion was accounted for by food stores, of which grocery stores (including super markets) had \$34 billion.⁸

I. BETTER LIVING AT LOWER COST

Americans are eating better for less. Department of Labor and National Association of Food Chains figures show that today's worker can buy nearly three times as much food for an hour's work as in 1916.

Housewives in Rome have discovered that shopping at the new Supermercato chain--modeled after U.S. super markets--reduces their food costs 8 to 10 per cent. The chain is a

⁵Estimates based on data in Monthly Labor Review, September 1956, p. 1092, and in 1948 Census of Business, Vol. IV, "Wholesale Trade," pp. 1.02 and 1.03.

⁶Estimate based on data in Monthly Labor Review, August 1956, p. 971.

⁷Survey of Current Business, July 1956, p. 21.

⁸1954 Census of Business, Bulletin R-1-1 Advance, "Retail Trade, U.S. Summary-Advanced Report" (Washington: U.S. Bureau of the Census, 1956), p. 2.

direct result of the Supermercato U.S.A. exhibit sponsored by the National Association of Food Chains and the U.S. Department of Agriculture in Rome in June, 1956.

In twelve countries in Europe in recent years food costs have averaged 50 per cent of family budgets. Two generations ago in America, people were also spending half of their income on food.

Typical American families today spend 22 per cent of their income on food. Actually, they could duplicate their 1935-39 market basket today for 16 per cent of their income if they were satisfied with the same foods they were buying then. Not satisfied, they are purchasing more meat, more fresh fruits and vegetables, new foods such as avocados and newly-developed processed "convenience" foods.

While per capita disposable income has risen 43 per cent since 1947-49, retail food prices (food at home) have gone up only 18 per cent in the same period.⁹ Thus food is much cheaper when compared to incomes or to the amount of effort required to get it.

The typical homemaker goes to her super market to hire a "built-in" maid. Instead of cleaning or cutting

⁹Bureau of Labor Statistics, January, 1959.

up a chicken, she buys a chicken already cut up, sometimes barbecued and ready to eat.

II. INCREASED VOLUME--INCREASED EFFICIENCY

The increased volume of food marketed through super markets--both chain and independent--is making possible operating efficiencies which have lowered food costs to consumers.

Average sales per store in the food chain industry in 1953 were \$46,000. In 1957 they hit the \$1,000,000 mark and are probably somewhat higher today. A volume of \$2 million to \$5 million is not unusual for a large store today. This average has grown because of the number of smaller and less efficient stores that have been closed by both chain and independent operators as part of the move to large and efficient super markets. The food chain industry's share of the total retail food market has not grown or decreased appreciably over the last 20 years.

Food chains were able to reduce profit margins from 24.6 per cent to 20.4 per cent from 1933 through 1957, because of increased efficiency in operations.

If the 1958 volume had been done at the same gross margins as in 1934 the cost to consumers should have added approximately one billion dollars to the food bill.

One half the total gross margin is required to meet payroll costs. In spite of wage increases of up to 300 per cent in twenty years--combined with a reduction of 25 per cent in hours worked--it has been possible to reduce the percentage of the sales dollar required for salaries and wages from 11.78 per cent to 10.04 per cent.

In the past ten years continuing research programs in warehouse and store operations have resulted in increased warehouse efficiency of 76 per cent according to data compiled by the National Association of Food Chains. Store operating efficiency has cut costs in receiving and storage areas up to 50 per cent.

Such increased productivity is due to many things; substantial investment in new one-story warehouses which eliminate vertical movement of merchandise, new improved equipment such as fork lift trucks with two-way-radios, tow line, conveyor belts, electronic accounting equipment and improved methods of traffic routing and merchandise location. Increased volume and increased efficiency enable food chains to operate on a profit-in-pennies basis. A National Association of Food Chains study, in cooperation with Harvard Business School shows that average net profit of chains on the sales dollar in 1957, was 1.4 cents.

III. IMPACT ON ECONOMY

The impact of the super market and chain food industry on the U.S. economy and on life here and abroad goes considerably beyond enabling Americans to be the world's best fed nations at the lowest price.

The 1959 store construction and remodeling program spread out three quarters of a billion dollars into the American economy and this does not include much of the money spent for new equipment nor the amount many chains spent for new distribution centers and warehouses.

The industry employed more than 750,000 persons and had an annual payroll in 1958 of about \$2 billion.

Food chains give employment to more than 200,000 teenagers who constitute one-third of the personnel. Many of them work as part-timers. Through various plans of individual chains and the food distribution industry itself, teenagers are offered scholarships, training programs, and assistance to enable them to complete their education and become the industry's leaders of tomorrow.

A Farmer-Retailer Marketing program, developed in 1936 by the National Association of Food Chains, has been employed over 350 times to move abundant crops such as apples, potatoes, citrus fruits, pork, beef, lamb and poultry in such

quantities that the price was stabilized, consumers received exceptional values and producers were able to operate and plan for the following year.

By operating with producer groups the industry has created demands for new products and for new convenience foods.

Joint sponsorship, with the U.S. Department of Agriculture, Commerce, and State, of trade fair exhibits abroad and of visits of foreign food officials to National Association of Food Chains and other association meetings and food industry plants and warehouses, have enabled Europeans to benefit by the American experience, to raise their standard of living and to broader demand for their agricultural output.

IV. FEWER BUT BIGGER STORES

Since the National Association of Food Chains was established 25 years ago, the total number of food stores in the U.S. has decreased from 550,000 to approximately 348,600. This perhaps shows that only the most efficient remained in business.

Independent stores number approximately 326,500 and continue to account for nearly 60 per cent of total retail food sales. Alert merchandising and the growth of voluntary

chains and retailer cooperatives have allowed the efficient independent food retailer--allied with an aggressive wholesaling organization--to maintain and often enlarge his share of total food sales.

All references to chains in this chapter refer to companies operating four or more food stores and super markets. This allows comparisons with earlier periods. But the growth of smaller--two and three stores--chains has been noteworthy. These new chains are built by former single store operators who, making a success of their one store, have gone on to open new markets. In 1953 there were 2,013 two and three-store chains. In 1959 there were 2,381. During this time the number of larger chains--26 or more stores--remained stable.

In the four-or-more category, 790 companies in 1959 operated 22,099 stores and super markets. They accounted for 42 per cent of total retail food sales.

In 1958 food chains opened 2,500 new super markets and closed about the same number of smaller stores. Plans for 1959 indicate a roughly similar building program.

Most of the new markets will average from 15,000 to 20,000 square feet whereas 10,000 to 12,000 square feet were considered standard from 1950 to 1955.

The largest stores will be built to handle a volume of \$70,000 a week contrasted to \$20,000 a week today and \$12,000 a week in 1952.

Larger super markets are required to provide the variety and convenience demanded by today's shopper. The median number of grocery items stocked has increased 50 per cent from 1952 to 1957. Most of today's one-stop super markets stock 4,000 to 6,000 items as compared to 1,000 a generation ago and the number is rising.

Some twenty new products are offered food chain buyers every working day in the year. To satisfy homemakers, super markets may carry five to six different brands of the same food, many of them in various sized packages.

of cleanliness and freshness, in pleasant surroundings-- a conservation of time and energy through one-stop shopping-- all this at a lower cost of distribution.

Super market employees have benefited through wage rates, working conditions and personnel programmes that would have been impossible in the days prior to this veritable revolution in distribution. The super market operator is becoming the exception who does not have such programmes as group life and health insurance, retirement plan, and profit participation--programmes unheard of in the old pre-super market days.

CHAPTER X

CONCLUSION

In its brief history, in the space of one generation, the super market has made a truly outstanding contribution to the American people. Super Market Institute, the national (in fact, international) trade association of super markets has tried to define the basic philosophy and contribution of the super market in its slogan, "that there may be more for all."

To the consumer, the super market has meant better values--wide variety and complete stock of favorite brands--merchandise displayed under appetizing conditions of cleanliness and freshness, in pleasant surroundings--a conservation of time and energy through one-step shopping--all this at a lower cost of distribution.

Super market employees have benefited through wage rates, working conditions and personnel programmes that would have been impossible in the days prior to this veritable revolution in distribution. The super market operator is becoming the exception who does not have such programmes as group life and health insurance, retirement plan, and profit participation--programmes unheard of in the old pre-super market days.

Growers, processors and manufacturers of food products (and, increasingly, the producers of many non-food or general merchandise products) have available the greatest promotional force for the mass distribution of merchandise ever known.

Naturally, these accomplishments would not have been possible without the efforts of other segments of the food industry--from the farmer and grower to the supplier who packages his goods for self-service and continually improves his product--to the manufacturer of equipment and supplies--the related industries like transportation and refrigeration and, of course the financial resources--to the consumer who embraced the low cost, self-service method with such enthusiasm.

The super market method of distribution is being copied by many other lines of retailing in this country, as well as taking hold in food stores all over the world.

The solid record of accomplishments to date, the demonstrated vision and resourcefulness that created new frontiers in distribution, the demonstrated adaptability to changing conditions, the demonstrated sensitivity to customer wants, are the best assurance of the industry's ability to meet whatever the future may hold.

In presenting this thesis the writer chose material from selected sources that best covered the topics under consideration. Although some information on the subject was available in the Forsyth Library, mainly from trade journals, it was subsequently discovered that most of the material was repetitious. It quotes or follows a pattern based on the surveys conducted by the Super Market Institute, the Research Department of the National Cash Register Company, and a few other outstanding authorities on the subject that have been mentioned from time to time in this thesis.

The writer feels that the materials presented are not intended to be complete, and there are undoubtedly many other sources available. Most of the research work conducted by these corporations is available with little or no charge on request, and perhaps an effort should be made to enrich the library with this current material, which will prove to be invaluable to the student. This is, indeed, a fascinating subject!

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