

**A STUDY OF THE MERCHANDISING ASPECTS  
INVOLVED IN  
SUPERMARKET OPERATIONS**

By


**Ernest E. Mazurek**

**AN ABSTRACT**

**Submitted to the College of Business and Public Service of  
Michigan State University of Agriculture and Applied  
Science in partial fulfillment of the requirements  
for the degree of**

**MASTER OF ARTS**

**Department of General Business  
Curriculum in Food Distribution**

A handwritten signature in cursive script, appearing to read "E. A. Brand".

The writer has prepared this thesis to place emphasis on the merchandising activities presently being performed in supermarkets. Company policies and operating procedures set forth in manuals and other forms of directives will prove of little value, unless the rules and instructions prescribed therein are practiced and applied in the retail level on a realistic basis. Students and other persons interested in the food industry should have available to them information pertaining to the various aspects of a supermarket operation. Although this study is not an attempt to establish a set of hard and fast rules, the subject covered in this report was selected, in part, to create an awareness of the merchandising techniques and principles presently in force, and the efforts being directed toward their improvement.

This study was divided into six major areas. No one area will determine the success or failure of the merchandising operation. Each, however, is important because if properly conducted, may contribute significantly to the success of the store's merchandising program. The major areas emphasized and which are considered important are: (1) Merchandising (2) Produce (3) Meat (4) Pricing (5) Advertising (6) Display.

Merchandising is defined as "strategic action taken to sell the greatest quantity of products at a price that will produce maximum gross profit dollars." The action involves the "selection of the right product, moving it in the right quantity, to the right place, at the right price, at the right time." The five R's of

good merchandising were discussed in relation to their importance as significant merchandising principles.

Actual observation in various retail food stores, and the experience of the writer, coupled with information derived from personal contacts, information requests, books, trade bulletins, periodicals, and company manuals, provided the reference material contained in this thesis.

There are many fascinating occupations within the organization of a food chain. But regardless of what task is being performed it is primarily a support function designed to contribute to one main goal--the successful operation of the retail store. The operating efficiency of an organization is mirrored in the results attained at the retail level. Inefficiencies and poor operating procedures eventually cause disruptions that adversely affect the retail outlet. Therefore, the functions being performed at this level should be known in order to integrate its needs and requirements into all levels of the organization. Being aware of difficulties likely to be encountered and the efforts taken to correct them will partially enable members of the organization not in close proximity with the retail operation, to better understand the roles of the personnel on the "firing line" and, consequently, their own role in relation to this activity.

"The Food Distribution program at Michigan State University is under the sponsorship of the National Association of Food Chains"



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TO

MY PARENTS

JOHN AND ANNA MAZUREK

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The writer wishes to express his sincerest appreciation to Dr. Edward A. Brand, Director of the Curriculum in Food Distribution, for his interest, guidance, and helpful suggestions which aided materially in the preparation of this study.

No thesis is the product of one individual. What beliefs the author claims to be his own, are in reality an assimilation of the writings, ideas, and experiences of others. It is for this reason that I am especially indebted to the authors of the books and articles of periodicals referred to, the professors and to the fellow students for their ideas, suggestions, and constructive criticisms.

The author also wishes to gratefully acknowledge Lloyd W. Moseley, Hugh J. Davern, Arthur F. Minter, Charles W. Garratt, William M. Griffin, and all other members of the Grand Union Company who made attendance at this University possible.

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## PREFACE

Increasing emphasis has been placed by food companies in recent years, upon the need to improve the various aspects of their organizations; personnel administration, training of personnel, executive development, food distribution centers, buying methods, and many other areas. The goal in each case has been to help those companies attain their over-all objectives. Generally speaking, most food companies aim to:

1. Provide stockholders and owners a fair return on their investment.
2. Provide consumers with goods and services, fairly priced in accordance with good business practices.
3. Provide employees fair wages, good working conditions, and training and promotional possibilities commensurate with their abilities.
4. Recognize that the industry operates as a citizen of society and that it must be prepared to fulfill the obligations of that citizenship.

Every factor connected with the food company's organization is oriented to the attainment of these objectives. Yet the actual achievement does not materialize in the home office or food distribution center, although each may make a vital contribution. The success of the company is ultimately decided in its retail outlets, where employees offer goods and services for consumption, to customers, in an attempt to realize a net profit. Most men in

the food industry would agree that a successful operation can only be attained by eternal vigilance in the units of the retail store organization.

Today's food industry is characterized by rising costs and rising expenses in the face of diminishing net profit percentages. Yet companies are erecting a greater number of larger supermarkets in the midst of an expansion movement which is unparalleled in the history of the food industry. There is, therefore, a vital need for the industry to examine the methods being used to operate its supermarkets in order to ascertain whether or not each one of these methods is resulting in the highest productivity possible. The objective of this study is to offer a contribution towards the fulfillment of that need.

Every factor involved in a supermarket operation is in need of study. The scope of such a study, however, would be far beyond the ability of any one writer. Consequently, this study will be limited to an analysis of the merchandising function performed in the modern supermarket. This function is divided into six areas:

1. Merchandising
2. Produce
3. Meat
4. Pricing
5. Advertising
6. Display

In this discussion, the writer has attempted to highlight the factors within each area, which he considers as most significant.

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## CHAPTER I

### MERCHANDISING

#### Introduction

Among the many changes which have occurred as our Western civilization has evolved from its many historical ancestors, none are more striking than changes in trading. Bargaining between buyer and seller, which prevailed earlier in our history and still persists in much of the world, has been replaced to a great extent in the United States by "fixed price" trading.

In no field of trading has there been more of a shift from bargaining to fixed price trading than in food marketing at retail levels. Price marks on practically every item on grocery shelves are symbols of this change, and the food retailers philosophy of moving a large volume at low margins through self-service merchandising is the most important outgrowth of it in our modern way of life.

The extent to which this trend has developed in supermarkets during the last 25 years has been little short of startling to marketing leaders. This sensational achievement can best be described in the remarks made by a marketing consultant in the retail food industry:

The spectacular success of the supermarket has drawn the attention of the entire distribution world.

Yet, we can still recall, not without some amusement, that when the supermarket first emerged in the midst of the debris

of the last depression, there were many esteemed businessmen who took one quick look at the infant and promptly gave it a survival probability of exactly zero. Some of these men came to respect a remark once made by the scientist Thomas Huxley to the philosopher Herbert Spencer, that the greatest tragedy in life is the assassination of a beautiful theory by a single fact.

The supermarket, as we all know, hasn't had a sick day. It began as a hungry economic upstart, with manners strange and unacceptable to respectable established business. In its boisterous adolescence it kicked up much dust and billed itself as a ferocious price wrecker, but all it really wanted was just a decent livelihood. Now, in robust manhood and in the flush of success, it marvels at its own good fortune and feels a kinship to Columbus, who 'having set out to find a new route to India, rather unexpectedly discovered a new world.'<sup>1</sup>

This new world referred to has been discovered. The "exploration" period, however, is only getting underway. The food retailing business has many interesting facets. The selection of a store location is developing into an elaborate science, compared to the early, somewhat haphazard selection of a place of business. Construction and layout were subjected to thorough investigation, and alert management is constantly looking for improvements to increase the efficiency and acceptability of the store plan. Consumer preference became a subject of careful study and served as a valuable aid in the determination of purchases. In the field of procurement, large strides were made especially with the development of testing procedures and the establishment of product specifications. All of this preparation has been geared to the ultimate desire--selling the merchandise to the consumer.

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<sup>1</sup>Applebaum, William, "The Impact of the Supermarket," Chain Store Age, Vol. 31, No. 7, July, 1955, p. 396.

New ways to transfer the present output of mass production into mass consumption through better and more aggressive sales methods are constantly defying leaders in the entire food distribution system. "Merchandising" then is one of the most challenging words in modern food retailing.

### Definition of Merchandising

Merchandising can be considered as those methods and procedures which are essential to the expertness in execution of various techniques, in conformance with company policy in seeking to increase sales.

Merchandising has also been defined as "strategic action taken to sell the greatest quantity of products at a price that will produce maximum gross profit dollars. The action involves the selection of the right product, moving it in the right quantity, to the right place, at the right price, at the right time."<sup>2</sup> To make the definition more complete, merchandising "involves promotional activities--attractive packaging and display, advertising, product differentiation, competitive pricing and personal salesmanship."<sup>3</sup>

### Scope of Merchandising

In order to effectively merchandise to the ultimate consumer, chain store organizations must have an efficient well-organized buying organization, and sales promotion and advertising department. The best possible sources of supply are essential. Management must, to a considerable degree of accuracy, estimate future sales. Efficient

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<sup>2</sup>Armstrong, C. E., Sales Management, Vol. 75, No.3, August, 1955.

<sup>3</sup>Marketing, The Year Book of Agriculture, United States Department of Agriculture, Washington, D. C., 1954.

means of moving and shipping merchandise is necessary. Modern display fixtures and effective layout of store displays and merchandise must also be considered.

As the intricate machinery of the highly specialized chain store organization staff oscillates, the burden of maintaining this oscillation rests with the store managers.

### Role of the Store Manager

When someone declares, "We don't need salesmanship in self-service markets any longer because our customers just go in and help themselves," don't believe it!

A self-service operation cannot be considered a catholicon. There are numerous factors contributing to its success; effective merchandising being one of them.

Competent merchandising is an acquired skill, a quality managers should possess. A proficient manager may, through his application of extensive merchandising techniques, influence a customer to buy a product or group of products.

Many food chain managements in the past had the false impression that if a manager was of the hard working, congenial, and conscientious type of individual, with emphasis on hard working<sup>4</sup>, that was just about all that was required to make a good or successful manager. Maybe there was a time when this concept was correct; however, one should not think it true today.

It will be conceded that the qualities mentioned above, (stress-  
ing mental rather than physical activity) are necessary, but, because

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<sup>4</sup>Stressing physical activity rather than mental.



of the much larger stores and greater volume of business in those stores, a great deal more is expected of him. The store manager of today and even more so of the future, must be a flexible individual. He should make every effort to develop in himself and primarily in his entire organization, the following precepts:

A. Know the merchandise

1. Know what the store carries in stock.
2. Know the location of each item carried.
3. Know the facts about the merchandise sold.
  - a. Facts about preparing
  - b. Special features and qualities
  - c. How to care for and use merchandise
  - d. Company's own brands carried

B. Have a wholesome attitude

1. Be loyal to the company.
2. Be helpful to customers and other employees.
3. Keep personal appearance neat and attractive.
4. Keep enthusiastic about the job and its responsibilities.

C. Understand and appreciate people

1. Get customer's point of view.
2. Serve people as you like to be served.
3. Be courteous, considerate, and attentive.
4. Be friendly but not overly familiar.
5. Determine what customers want.
6. Treat customers as invited guests.

D. Use good selling methods

1. Assure customers prompt and courteous attention.
2. Present merchandise in an attractive manner.
3. Give honest, convincing facts about merchandise.
4. Answer questions and objections to the customer's satisfaction.
5. Show appreciation for your customer's patronage.
6. Assure customer of quality merchandise by use of the "guarantee".

The manager of today and of the future must be relieved of the trivial detail work of everyday store business. He must have the time to see his store as a whole, and to act accordingly. To do this

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he must be equipped to do the job. More training at higher levels in all phases of store operation and merchandising will help to equip this man to perform his assignment more effectively.

To perform his job effectively, the store manager should be thoroughly familiar with the following aspects of present day merchandising.

1. The five R's of merchandising
  - a. The Right merchandise or service
  - b. At the Right place
  - c. At the Right time
  - d. In the Right quantities
  - e. At the Right price
2. Produce Merchandising
3. Meat Merchandising
4. Pricing
5. Advertising
6. Display

#### Good Merchandising is Good Planning

Planning is the element through which all the factors of good merchandising can be mobilized for doing a good selling job. In fact, no part of the merchandising job is likely to be "right" unless plans are well formulated and are used as blueprints for performance.

#### Right Merchandise or Service

Food retailers sell more merchandise than service, but some merchandise selling involves service, and, to the customer, it is an integral part of the merchandise. Right merchandise or service means, largely, merchandise or service which customers want. In food stores this may run into thousands of items, and for one individual customer the items wanted may vary greatly from those wanted by another customer. But good merchandising demands that these various wants be recognized and that the right merchandise and services be provided to satisfy each customer.

Good merchandising will also influence the wants of the customers. If profits are to be maximized, customers must be induced to buy things for which they had not recognized a need until they were influenced by a good merchandising technique. Attracting attention to high-profit items through displaying in an attractive manner near items frequently bought is a case in point. This is usually known as making an impulse sale. In speaking of the food retailer in general, a San Francisco retailer said recently:

If he reduces prices to increase volume, his markup suffers. He must, therefore, find some method that will increase one without reducing the other. One good solution to this problem is to increase impulse sales. By concentrating on this type of merchandising in our store, we have added 2 per cent to our gross margin inside of two months time.

The impulse sale is such a potent factor in increasing volume and markup if properly promoted, that it should be given as careful planning and execution as any other merchandising or advertising plan.

In choosing items for display to increase impulse sales, certain important features should be borne in mind.

First, we should choose an item that many people can use but can get along without and will not usually include in their regular shopping list.

Secondly, it should be profitable. The display should have a suggestive rather than a price appeal.<sup>5</sup>

Right merchandise also includes a wide variety to make the store interesting to customers. One of the methods by which any retail food store can exhibit a distinct "personality" is through selling a wider variety of products than most other stores nearby are offering. This imparts an exciting atmosphere to the store, and along with it some good merchandising possibilities are developed for just about every product sold in the store.

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<sup>5</sup>Reardon, Vincent, "Impulse Sales Increased Our Gross Margin 2% In A Two-Month Period," Progressive Grocer, Vol. 34, No. 11, November, 1955, p. 52.

Having the right merchandise in relation to season, holiday period, or for other special purposes is also very important. This factor is considered more fully in another chapter.

### Right Place

The right place to have merchandise for maximum sales in modern food retailing is in the place where it will attract favorable attention from the most customers possible. This means, of course, the store should be attractive, well lighted, clean, and inviting. This means, too, having the merchandise properly displayed at a location within the store at which the greatest number of customers are likely to view it favorably.

In every food store there are "hot spots" for displays for particular types of foods. Ends of gondolas, for instance, usually are good places for displaying items for which heavier-than-normal volume movement is desired, than are many other areas in the store. The store manager should be aware, however, that a "hot spot" is not a panacea, the location itself cannot sell the items for which there is no consumer demand. Only items which are desired by the customers should be given these choice locations. Even at the meat counter there are some places better suited for displaying a given type of meat than other locations. The same generally holds true for other departments in the store. Even the entire store layout must be planned with the principle of having the "right place" for each product if total sales are to be maximized and greatest net profits are to be made.



### Right Time

Every hour of every day that the doors are open for business is the "right time" to have completely stocked shelves in retail food stores. Good merchandising techniques in all other categories can be nullified if the merchandise desired is not available when the customer wants it, and there are only a few factors that are more likely to drive a customer to another food store than out-of-stock conditions.

In addition to the constant needs for ample stock, "right time" also involves the seasonal factor of food merchandising. A good plan for selling the most foods at maximum profits must include seasonal, holiday, and other special considerations. When heavy supplies of perishable foods are being harvested, good merchandisers will usually feature them in all their merchandising efforts. This should result not only in selling a more profitable volume of the particular food, but will help "merchandise" the entire store.

Holiday merchandising entails selection of items which have a special appeal for the particular promotional period. In addition, coordination, timing, and the cooperation of all store personnel, are essential factors. The manager of a Wrigley Supermarket in Detroit bears this out:

December is the manager's biggest opportunity to prove his executive and operating ability in (a) cooperating with department heads to build a winning team, (b) scheduling help and responsibility for tasks to score high sales per work hour, and (c) planning the fullest utilization of floor space and fixtures to present masses of merchandise for higher unit sales per customer and sales to more customers.

This is the month in which we show how well we can follow through on the help which headquarters merchandisers, buyers, and supervisors give us. Now, too, we can win top returns on effective use at point of sale of the chain's and our suppliers' advertising helps. It's up to us managers to give the push that means a glorious wind-up for the year.

Planning for the big holiday push starts early with Wrigley's managers and department heads because headquarters began months ago to order merchandise and to set sales plans for early November departmental meetings and managers' district sessions. Thus, we know in advance about special goods and the over-all program for December selling, and can gear our staff for the store-wide push.<sup>6</sup>

### Right Quantities

Skimpy stock often can discourage sales almost as effectively as complete lack of stock. There is something about full shelves or bins or cases that encourages active buying. Mass display is a technique long known for its sales-getting potential. It varies, of course, with different items in the food store. A mass display of grapefruit, for instance, may require several times the space that a mass display of toothpaste will need. But the creation of an impression that the particular item is plentiful, and therefore must be a "good buy", is the principal objective of building a mass display.

Mass displays have a dramatic quality that stops the customer and makes her take a second look just because they are mass displays. Even if the customer only looks for a few seconds longer than usual, the chances of her buying are increased. Color appeal plays an important part in getting her to linger a moment. It gives a visual impact that stops the shopper. A splash of red, a swatch of yellow, and a background of silver foil do something to a customer's buying tendencies that is distinctly favorable at the checkout.<sup>7</sup>

Stocks of perishable foods on display may often contain excessive merchandise. If, for instance, too much fresh meat or produce is placed on display and sales do not move the items until spoilage occurs, much of the value of the mass technique may be lost. Stock

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<sup>6</sup>Beattie, Donald, "Holiday Merchandising at Wrigley's", Chain Store Age, Vol. 31, No. 11, November, 1955, p. 175

<sup>7</sup>"It Takes Mass to Move Mass", Chain Store Age, Vol. 31, No. 10, October, 1955, p. 77



control certainly must be exercised as a part of profitable merchandising, even if some compromise must be made with large stocks for mass display techniques.

### Right Price

Competition for volume of sales is one of the most powerful forces acting toward creating the right price on most items sold in retail food stores. Sometimes this extremely competitive condition may render prices more nearly "right" for customers than for retailers. With all modern food retailer's philosophy on prices centered on moving heavy volume at low prices, competition rarely destroys profits completely. Competitive prices certainly must be combined with other good merchandising techniques, or else the entire merchandising plan will break down.

Perhaps "right price" means a price not out of line with prices for similar articles in competitive stores, or with prices for close substitutes. If prices are too high relative to these two situations, volume will suffer. If they are too low, profits will suffer and sales may even be reduced through uncertainty on the part of customers as to the true merits of the item as reflected by a price that may appear too low.

Another merchandising technique relating to pricing is that of price marking. Plainly marked items are much more inviting to customers than are items which are not marked at all or whose price marks are indistinct. All price marks, on signs over a display or on each individual item, then, should be easy to read and meaningful to the customer.

### Other Merchandising Considerations

Having the right merchandise at the right place, at the right time, in the right quantities, and at the right price, may still not be enough to move profitable volumes of food if other factors are lacking. A well-laid plan for these factors, of course, implies that the store will be attractive, conveniently located, easy to shop, and equipped and manned by attractive fixtures and pleasing personnel.

Good customer relations are likely to result from good merchandising plans. But since the retail food business is in such intimate and constant contact with its customers, customer relations must embody some of the best merchandising techniques. Illustrating the extreme importance of good customer relations, here are a few points from G. R. Silverthorne's store policy booklet for guidance of his store personnel in his two Portland, Oregon supermarkets.

Don't offend your customers by smoking or eating on the job. There are proper places in the store for these, away from the public. Your store manager will show you these spots.

Take advantage of your happy moods by stepping up your courteous services even more. Not by whistling, humming or singing, which most always irritates customers.

Show your intelligence through diplomatic, tactful handling of customers--not by smart comebacks. They do nothing but make a bad situation worse.

The fine art of gum chewing doesn't impress our customers a bit. It's impossible to keep a good business appearance with the jaws working furiously. Don't ruin your good impression by mumbling through a mouthful of gum.

Good storekeeping takes good housekeeping. Madam housewife loves to shop in a clean, spotless, well stocked store. Do your part by keeping your work area spic and span.<sup>8</sup>

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<sup>8</sup>Silverthorne, G. R., "Four Ways To Build Customer Relations", Progressive Grocer, Vol. 34, No. 7, July 1955, p. 138

Summary

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Summary

Merchandising is a term of great significance in modern methods of food retailing. Good merchandising techniques must be used to replace personal salesmanship which existed in bargaining but is no longer a potent force in fixed-price self-service selling as practiced by food retailers. Plans for good merchandising must include having the right goods at the right place, at the right time, in the right quantities, and at the right price. Then, with every possible effort toward making shopping conditions attractive, food retailers can weave good merchandising techniques into their job of selling the most foods at the greatest net profits. **The term "shopping good" as used herein refers to merchandise which is considered to be of such importance by the customer as to warrant comparison of such items in other retail outlets, as to price and quality.**

## CHAPTER II

### PRODUCE

#### Introduction

The majority of consumers seldom stop to think of the amount of work and planning that is required to keep the produce racks filled with appetizing fresh fruits and vegetables.

The customer expects to find a variety of produce items, whether or not they are in season for the particular shopping area concerned. She realizes that fresh fruits and vegetables are being grown somewhere in the country, or the world. The food merchant has conditioned the customer to expect these goods. In an attempt to entice new patrons, and to satisfy the appetites of their old customers, food distributors are only too willing to provide this convenience, if they are at all available on the market. Behind this service lies an armada of men and machines, each performing a specific function of this highly complex marketing system.

A refrigerated railroad train, specifically built and reserved for long haul movements of fruits and vegetables, is generally considered just another train to the consumer. The problems of temperature and humidity control are looked upon as things that can easily be accomplished by the magic of coolers or some other modern day innovation. Consumers often look upon the task of keeping a fresh supply of a large variety of items as a telephone ordering routine that can bulge the bins minutes after they are empty. But regardless of how automatic and routine the selling of produce may appear to the



consumer, the fact remains that every sale of a fresh produce item represents a long list of goods and services imparted to the product at various stages of its route to the consumer.

In 1949 there were 133,000 fruit farms and about 92,000 commercial vegetable farms in the United States.<sup>9</sup> To bring the products produced by the 225,000 farms to market required the equivalent of 1,500,000 refrigerator carloads or 24,000,000 tons. The production resulting from these farms allowed a per capita consumption of produce of slightly over 500 pounds per year.<sup>10</sup> This represents an increase of about 120 pounds per person over amounts consumed in 1920, when per capita consumption stood at 384 pounds per person. Nutrition experts say that 725 pounds would be required for a liberal diet, which means that on this basis there is considerable room for expansion in the consumption of fresh produce.

In spite of the fact that fresh produce is a considerable item in the food budget of most families, a surprisingly large amount of produce is bought on impulse. A study by the DuPont Company indicated that over half of the fruits and vegetables are bought on impulse.<sup>11</sup> The survey showed 52.3 percent of fresh vegetable purchases and 55.7 per cent of fresh fruit purchases are not fully predetermined before the consumer enters the store. These purchases are greatly influenced by what the store has to offer and how it is presented to the consumer.

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<sup>9</sup>Pillar, Ray A., Guide to Better Handling and More Efficient Merchandising of Fresh Fruits and Vegetables, League of Wholesale Fresh Fruit and Vegetable Distributors, Washington, D. C., 1948, p. 19

<sup>10</sup>Pamphlet, Your Produce Department, National Association of Retail Grocers, Chicago, NARGUS, 1950.

<sup>11</sup>Pillar, Ray, "How to Make Money Selling Fruits and Vegetables," Progressive Grocer, New York, p. 62.

### Importance of Produce

Some of the reasons produce is so important to the success of a modern food market are worth considering. Everyone dealing with produce knows that the variety of produce consistently undergoes change from season to season and sometimes from day to day. Variety is constantly a source of interest to the housewife, and consequently, the well-managed produce department offers much that will please her.

Produce has a short life even with the best of care because of its perishability, so the housewife is forced to shop for produce often. There is no other product in the food store, other than perhaps meat, for which consumers do more shopping than they do for produce. Because produce is a shopping good, consumers may pass two or three fruit and vegetable departments before finding the product and the quality desired. Therefore, a well-operated produce department attracts a large volume of traffic into the store that not only purchases produce items but many other items as well. Moreover, since consumption of produce items has been increasing tremendously over the past two decades, a good produce department represents a potential area for the operator to increase his share of the business.

### Profitability

Produce is a good profit line. Many successful retailers of fresh fruits and vegetables have demonstrated that profit and volume possibilities are such that this department deserves a good rating in any food store. About 12 per cent of the money spent by the consumer for food is devoted to produce items. With a reasonable degree of efficiency in management, this proportion of dollar volume can be achieved at a margin of around 25 per cent gross on sales. The rapid



turnover on comparatively small investment is the key to the substantial net profit that is possible. Investment in stock, fixtures, and floor space is not unreasonable in relation to other departments of the average store. Proper attention to details results in low operating costs in relation to volume, minimum spoilage losses, rapid turnover, and a very satisfactory net profit.

The seasonal nature of many produce items offers opportunities for special sales and promotions. Many grocery items can be used as tie-in sales with produce items that are featured in season. Advertising can be very effective featuring seasonal items that consumers have been expecting and anxiously awaiting. When produce is in abundance and quality is high, which is characteristic of items in season, displays can be built and arranged in such a manner as to encourage volume sales.

### Eye Appeal

Produce items are among the most colorful products sold in the store. Unlike brand displays and can markings, they have a natural beauty that is appealing to most people. The variety of colors, and the fact that they are genuine, adds much that is desirable to a store.

### Coordination

Few items afford the opportunity for exercising merchandising skill as do fruits and vegetables. A profitable produce department is so intimately tied to the personnel operating the store that it can be truthfully asserted that they make or break the operation. The virtues of ingenuity and originality rank high in the produce

department, and if they are exhibited in proper combination with other necessary requirements, the rewards are high. Clean attractive produce displays as supervised by competent personnel, help pave the way to customer acceptance of the entire store. Letting the produce department grow like "Topsy" or following the line of least resistance has been the downfall of many successful operations. Well directed, vigilant effort is required if the produce department is to make its full contribution to the store operation.

### Perishability

Deterioration in the form of wilt, shriveling, and decay is the greatest enemy of fresh fruits and vegetables. It probably should be added that a great deal of deterioration is the result of careless handling. Since fresh fruits and vegetables are approximately 90 per cent water by weight under normal field growing conditions, it is clearly evident that water is one of the most important factors that determines the amount of deterioration. When the desired content of water fluctuates outside of a given range, warning signs are immediately reflected through poor color and general physical appearance and condition of the product. Proper humidity is a means of helping to preserve and regulate the ideal water content of the product. This, in a large degree, determines the crispness and freshness of the product. Since vegetables are sold largely on the basis of appearance, proper humidity is one of the major factors in contributing to profit in the produce department. Closely related to humidity control is proper refrigeration. In produce merchandising the role of refrigeration is not to store produce but to preserve the produce in such a

condition that the quality and nutritive food value that exists at the time of harvest is retained until it reaches the customer.

The retailer is confronted with reducing or eliminating the following four types of losses:<sup>12</sup>

1. Losses in weight due to dehydration, such as wilting and shriveling.
2. Losses caused by handling by store personnel and consumers.
3. Losses due to markdown and retrimming.
4. Losses due to decay.

When one considers the nature and composition of produce, it is obvious that a complete prevention of loss by any one or all of the above types of losses is impossible. The best that one can hope to do is to reduce them to tolerable levels and hold the quality of the product to acceptable standards.

### Display

Displaying produce is a technique that can greatly increase profitability of a produce department. A produce manager should be concerned with the need for creating an appetite-arousing display of fresh, high quality, carefully selected fruits and vegetables in a clean department. The display should convey the impression of large variety, high quality, and massive appearance. Display racks and tables should look full. Most housewives like to purchase produce from a display that offers large selection. An unplanned display is apt to be slow selling and will offer little or nothing that will encourage the consumer to return to the store again. A feeling also prevails that items should not be displayed in the same area each

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<sup>12</sup>Pillar, op. cit., p. 10.

week. Some managers believe that in relocating these products from one display area to another within the departments, customers will be required to seek out the item. In so doing they are exposed to many other items, which is hoped will prompt additional purchases.

Experience has shown that color can be used effectively in displaying produce. Psychologists have determined that women are attracted by reds, yellows and greens. Men, on the other hand, prefer blues and browns. These combinations should be considered in displaying produce. A sound business practice is to play up colors by arranging fruits and vegetables to obtain maximum contrast and to indicate a large variety. Red apples next to bananas is a favorable contrast and definitely indicates the presence of two distinct items. On the other hand, one variety of red apples next to another variety of the same color is often mistaken to be only one item.

Another display technique that has worked very well in many stores is to highlight a single commodity. Such an item can be effectively selected for display if it possesses some of these attributes:

1. Color and/or attractiveness.
2. It is seasonally produced, and available for consumption during very brief periods.
3. A peak season item. During this period produce is normally at its highest quality and taste appeal.
4. A special price.

Raising the feature item above the level of other items and setting up a display that is large and attractive enough to readily catch the eye is an effective way to increase sales volume of the featured item.

The use of "talking" signs and adequate price tags is a pleasing addition to a produce department. Posting prices for produce presents some challenging problems but it should not be ignored. The consumer wishes to know the price before selecting the items. Failure to properly indicate price so the consumer can ponder about it in her own mind often leads to embarrassment and decreased or possibly no sale. Signs should carry words that tie in well with produce, such words as Orchard, Garden, Flavor, Fresh, Juicy, and other connotative aphorisms, appeal to most customers.

Segregating fruits and vegetables for separate display has generally resulted in decreased sales. Keeping items separate prevents much impulse buying because customers are able to buy fruits without being exposed to vegetables or vice versa. This procedure may minimize the full effect of impulse buying.

Displays should be arranged so that they are readily available for inspection and selection by the consumer. The critical shopper likes to make a thorough inspection, and a convenient, available display allows this opportunity. Displays should be planned so that the customers do not have to stoop or stretch to reach the produce. Ready accessibility of sacks, scales, etc., is another consideration that is appreciated by most people.

Some successful displays have been developed using geometric designs or artistically arranged order. The effectiveness, and the profitability of such procedure, is an unsettled question. Many successful produce men claim that simple bulk arrangement is as effective for merchandising as elaborate displays. The pro's and con's of this issue can be debated vigorously, although perhaps a key

to such a problem depends upon the personality of the store and the customers that it caters to. In any case, the final decision should be based on more tangible merits. Success or failure of the displays should be determined by the results they achieve, primarily in terms of dollar and cents returned.

### Refrigeration Practices

The use of various methods of refrigeration practices have been in vogue at different times in maintaining the field freshness of produce. The ice method has been found to be a very good means of refrigeration for vegetables. The method has long been used by railroads in transporting produce, and now it is receiving considerable attention as a very satisfactory means for displaying produce in retail stores. Sufficient quantities of crushed or snow ice should be available so that an ice bed can be prepared with a depth of about three inches. The produce is displayed on top of the ice and sold as from any other display. Provision must be made for the continuous drainage of the melted ice. This method has been especially effective for preserving vegetables for the late afternoon rush. It prevents the appearance of the "left over look" that the customer objects to. Ice suggests freshness and quality to the consumer, which increases sales per customer and induces new shoppers to become regular customers. The method allows easy storing overnight by sprinkling produce with ice and covering with canvas or heavy wrapping paper. By merely uncovering the display and making a thorough check, the produce is ready for the next day's business. It should be pointed out that the method requires quality produce to begin with. The produce must be capable of being maintained in a fresh condition.

### Pre-Packaging

Pre-packaging of produce is another factor that has favorably aided the display of produce. The use of transparent coverings which allows inspection and gives individuality to the produce has found much favor with customers. In many cases pre-packaging is a simple means of unitizing the product in a convenient consumer sized package for self-service sale. In pre-packaging, it is well to keep in mind that regardless of how transparent the package may be, the customer must depend more on the store's reputation for good pre-packaged produce than for bulk produce. A pre-packaged item cannot receive the inspection and examination that is possible for a bulk item. Some chain operators feel that pre-packaging is a method of adding additional "Buy Appeal" to the display of fruits and vegetables if it is handled properly.

### Techniques in Pre-Pack Produce Selling

Many retailers today are faced with the question, "How far should we go in pre-packaging produce?" A simple answer cannot be given, but some operators are sold on 100 per cent pre-packed produce.<sup>13</sup> Many store operators have found complete prepacking operations have increased sales, decreased spoilage, reduced labor expense, and increased gross margins. These results can only be obtained if good policies and methods of handling are incorporated as integral components of the packaging operation.

Some very important essentials of prepackaging are:

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<sup>13</sup>Kline, George E., "Prepackaging, Refrigerated, Displays, Cut Produce Spoilage Losses to 1½ Per Cent of Sales," Progressive Grocer, January, 1954, p. 45.

1. Consistently offer top quality merchandise. This is one of the most important factors in the success or failure of a pre-packaged produce operation. Do not attempt to hide defects or blemishes. The reputation of the store is at stake when a customer takes home pre-packed produce. One company has even gone so far as to display a sign at the back room produce packaging station which reads, "We Wrap Our Future--In Every Package."

2. Use of refrigerated cases for displaying highly perishable products. With the present large variety of produce offered to the consumer, there is normally insufficient space available to display all of these items under refrigeration. Therefore, items should be categorized into groups that definitely require refrigeration and those that do not. A methodical procedure of this nature provides a distinct classification for produce and will allow space for all "must" items, and perhaps for others that are highly desirable. Normal precautions should be taken for all perishables. Proper conditions must be met for each item. The vegetables should be cooled before pre-packaging. The temperature must be right, and the produce must receive proper attention in preparation for the removal of blemishes and defects. All pre-packaged produce must be properly ventilated. Refer to Chart I of Appendix A, page 116 for further information on refrigeration requirements for fruits and vegetables.

3. Treat packaging on a neighborhood basis. Determine the most acceptable size units for the particular trade. Customers must be gradually indoctrinated to accepting certain sizes. Experimentation with different size packages may provide the most logical choice of package acceptable to the customer. When considering size, attention



should also be directed to the unit price. Customers may be more concerned about the cost per package, than with its actual size. Local situations will vary, thus packaging should conform to local consumer demand requirements.

4. Operate a clean department. Cleanliness just naturally goes hand in hand with produce. The public is impressed with a neat and well kept sales area. Minimum sanitation requirements are a legal stipulation. But, the manager who exercises superior sanitary practices is apt to gain the confidence and the patronage of consumers. A slovenly operation instills doubt and questionable practices in the minds of the shoppers. In addition to creating a favorable public acceptance, a clean and well kept department will reduce the potential threat of accidents. Discarded trimmings and water drippings are hazards which could result in serious injury to unwary individuals.

5. Date all packaged produce to facilitate proper rotation and regular inspection. Produce that becomes outdated should be opened and inspected for inferior merchandise. If the produce in the package is still of good quality after conditioning, it may be rewrapped. The rewrapped product should be given a much shorter "date life" than fresh packaged produce. In determining the "date life" of produce items, one must consider the quality of the product when it is received, and the actual keeping qualities of the item.

6. Do not package "marked down" merchandise for quick sale at reduced prices. The custom of reducing the price on pre-packaged produce should be avoided. This procedure tends to associate inferior quality to packaged items. Special sales are an exception, for the intention of this rule is to eliminate the practice of marking down

pre-packed merchandise which is deteriorating. When items within a package show signs of spoilage, the package should be removed, and the item replaced. Merchandise which is in off condition should be offered at slashed prices in bulk lots, or thrown away entirely.

7. Offer packages which are as attractive as is possible.

The importance of a neat and attractive appearing package cannot be overemphasized. Customers are greatly influenced by "eye appeal" which has been commonly referred to as "buy appeal." Consumer surveys bear out this maxim. A good merchandiser will by experimentation determine the type of package the customer prefers, and one which will keep the product in the best condition. Packages which have become loose or torn while on display should be sent back for rewrapping without hesitation. Above all, the package should be transparent to allow visible inspection of the contents, by the customer.

8. Price sensibly and realistically. Inauguration of a pre-packaging operation does not warrant the justification of premium prices for produce. In the service system, paper bags, weighing stations, and customer inconvenience (waiting for service), were expenses ascribed to that operation. The cost of paper bags offsets to a limited extent the cost of wrapping material. Benefits derived from self-service cannot be ignored. The fact that packaging increases sales volume, facilitates the flow of traffic through the department, increases useable display space (some of the bulky items have been trimmed), and hastens the replenishment of depleted stock, are all advantages which were non-existent. Therefore, the extra cost incurred can be absorbed, without detriment to the operation. Even though shoppers may be willing to pay a fair premium for top quality

merchandise, prices should not be out of line with the stores in the area.

### Advantages

Following these packaging principles will not solve all produce problems. Adequate attention must be applied to buying, receiving and displaying the produce. Pre-packaging itself cannot be expected to compensate for deficiencies in other parts of the operating routine. If, however, the key functions are being operated effectively, pre-packaging can produce a great number of advantages over the service type produce department.

In a survey conducted by the DuPont Company, on the comparison of the shopping habits of ten thousand shoppers in service produce, and pre-packaged produce departments, the following facts were revealed:<sup>14</sup>

- A. Five thousand shoppers spend 221.1 hours shopping in service produce departments.
- B. The shopper passes through a pre-packaged produce department in 24 per cent less time.
- C. Self-service speeded up the traffic as follows:
  - (1) Five thousand shoppers bought 11,859 items in service departments.
  - (2) Five thousand shoppers bought 14,094 items in pre-packaged departments.
  - (3) While the shopper spent 24 per cent less time shopping in pre-packaged departments, she bought 10 per cent more merchandise.

The Shore Supermarkets, in Providence, Rhode Island, have found pre-packaging to be the answer to their produce problem. The general

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<sup>14</sup>Lapides, Ezra, "Techniques in Produce Pre-Packaging," Super-Market Merchandising, October, 1954, p. 50.

manager of these markets, states that this program has eliminated those familiar bottlenecks, which occur during busy weekends in the produce department. Clerks and customers jammed the aisles and slowed traffic to a standstill. By having the merchandise packaged ahead of time, the displays could easily be refilled. Customers now find they can select their produce with the same ease as they select their groceries and meat. This allows the customer more time in making her selection, and provides room for more customers to shop. It was found that, contrary to general opinion, prepacking did not increase the cost of handling. After a thorough audit of the operation, it was determined that pre-packing improved the operation and made it more profitable. The success was attributed to:<sup>15</sup>

1. "Improved operating efficiency. The clerks were able to perform more work in less time, than they could in the old system.
2. The displays could be kept full at all times. The ability to pre-package the fast moving item before peak demand needs is a distinct advantage. Produce which has been pre-packed in anticipation of heavy consumer purchases, is easily wheeled into the selling area, and readily placed on display within minutes.
3. Increased sales volume. Neat and attractive displays encouraged impulse buying. Because pre-packing facilitates stocking of merchandise, displays were easily kept full, giving the department a well stocked appearance.
4. The shrinkage figure was reduced by 50 per cent.
5. The additional cost of polyethylene bags and trays does not offset the price savings in a pre-packaged operation. The cost of wrapping supplies required in the old system offset somewhat the cost of pre-packaging supplies."

The owner of the Morrison Supermarket in Norman, Oklahoma, found success similar to Shore's, with a 100 per cent pre-packaged produce

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<sup>15</sup>Swartz, Nathaniel and Zimmerman, Richard, "Packaging Scores High at Shore's," Supermarket Merchandising, August, 1954, pp. 75-84.



operation. He feels that the additional packaging costs are more than offset by the very low shrinkage figure. Normal bulk produce operations averaged approximately 5 to 6 per cent shrinkage, whereas pre-packaging resulted in about  $1\frac{1}{2}$  per cent in produce shrinkage. The additional cost of packaging materials amounts to about 2 per cent, which still allows for a substantial margin.

### Retailer's Responsibility

The success stories on pre-packaged produce merchandising are increasing. Indications are that the consumer will accept this system if high quality is maintained. Since packaging interferes to some extent with the customer's ability to form an accurate judgment of contents, the retailer must assume greater responsibility than when offering conventional bulk goods. He can earn the continued confidence of his customers only by his constant efforts to guarantee freshness and high quality.

### Planning

Displays that sell are made with advance planning. A paper plan of the entire produce layout takes time but it is well worth the effort;<sup>16</sup>

- A. It helps incorporate good display principles.
- B. The item can be moved on paper easier than physically moving the item on the rack if a mistake is made.
- C. Valuable manager and clerk time can be saved by posting the plan in the produce department for easy reference when building displays.

Follow these rules when making up your display plan.

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<sup>16</sup>Statement made by the Director of Produce, ACF Wrigley Corporation, personal interview.

- A. The manager should make up the plan with his assistant.
- B. Department plans should be made up on a Saturday for the following Monday's display and should be adjusted Wednesday for the weekend specials.
- C. The printed plan forms furnished by management should be used in making up the display plan.
- D. Incorporate the following good display principles in the plan.
  - (1) Allot the proper amount of space to each item. Give fast selling items and advertised items more space than slow movers.
  - (2) Give proper location to each item. Don't hide advertised items--give them prominent locations. Spot impulse--sale items around the big demand items.
  - (3) Group related items together.
  - (4) Contrast the natural colors of fresh produce when displaying on the racks.

Then work the plan,--effectively,--and be sure to follow through.

### Summary

In a round up of produce merchandising, the following points were most frequently cited as assuring customer interest and preserving high produce volume:

1. Day-to-day promotion of staples in a neat, clean environment. Customers are influenced in their shopping habits by the usual impact of the store, particularly its cleanliness. The effect on customers may be summed up in two ways.
  - a. New customers in clean stores turn into "long time" customers.
  - b. Women are highly conscious of cleanliness in their homes and expect it in the places where they shop.
2. Special pushes on early-in-season and peak-of-season items. Good quality fresh fruits and vegetables, properly handled and displayed, are their own best salesmen. But, the difference between a good

produce department and an outstanding one often lies in one word, merchandising.

In the north, the local fruits and vegetables are available in the Spring, Summer and Fall, while in the Winter, southern fruits and vegetables are available. One of the most important factors in the promotion of produce is timing. For the most part, the produce manager who is successful in the "five rights" of merchandising is going to have the outstanding produce department.

3. For alert managers, Spring is the signal to put an additional punch into the produce department. With a change in weather there is a change in living and eating habits. Capitalize on it. The desire for easy to fix, low calorie meals affects the entire food line. Salad preparations take on more importance, along with picnic type items. The modern housewife has dropped the shopping list for a complete tour of the store. She shops with her eyes, and is quick to buy on impulse.

4. Big push for holidays and other special occasions. Displays and signs are used for suggested selling.

5. Tie-in sales, featuring produce with related items.

6. Emphasis on eye appeal by constantly maintaining fresh produce on display; color contrast; and mass displays.

7. Rotate merchandise.

8. Maintain an adequate variety.

9. Use Talking signs.

10. Make the department easy to shop.



Whether produce is displayed in open bulk displays, in pre-packaged form, in refrigerated cases, or in ice cases, good merchandising practices will clinch the desired sale.

## CHAPTER III

### MEAT

#### Introduction

There have been many postulations ventured by authors in their attempt to trace the origin of meat as a food in man's diet. The origin is sketchy, and the sources are vague in their explanations. No doubt man was eating the raw flesh of animals long before the discovery of fire. One may surmise this, but the answer lies hidden in past ages.

A far cry from this early conception of man's discovery of a new food--meat, is the transition which has occurred over the centuries. No longer does he have to stalk his quarry, kill and prepare the carcass, before sitting down to his meal.

As civilization progressed, man domesticated certain animals and raised them to provide food and raw material. Today, as in the recent past, beef pork, lamb, and veal, remain as an important item in man's diet.

#### How Meats Got Their Names

The terms, beef, pork, veal and mutton, are now in common usage throughout the land. Yet, little if any thought is given to their derivation. An interesting and enlightening version of the story might bring some light upon the manner in which our language acquired these terms.

In the same way, the common names for meats give us a peep into the odd way in which our language has grown up. After the Norman conquest of England, the language of the court and what

we should call the "polite set" was Norman-French. But the common people, those who tended the cattle and hogs and sheep of the conquerors, continued to speak their native Middle English dialects. When their fattened animals were brought to the households of their feudal masters, Norman retainers served them under the names of "Boeuf," "Vielle," "Porc," and "Mouton,"--beef, veal, pork, and mutton--names which then were the Norman French for the self-same live animals that the native underlings called kine, calves, swine and sheep. Gradually, when the fusion of the two races took place, which Scott's "Ivanhoe" has pictured so charmingly, the distinction became fixed. So it came about that our composite language acquired two useful sets of words to describe the live animals and their meat.<sup>17</sup>

### Importance of a Meat Department

Despite the fact that the grocery department draws the bulk of sales in the average supermarket, the meat department (which includes poultry, delicatessen, smoked meats, cooked foods, frozen meats, and also fish and other sea foods) must be given credit for an indispensable role. It is the magnet which attracts the customer to the store and plays perhaps the decisive part in influencing her purchases of her other groceries and perishables.

It is around the meat course that Mrs. Housewife plans her meals. In most instances, the meat department determines, to a great extent, the overall success of the market. A meat department which has established for itself a reputation for both high quality and varied and complete selections of meat products places the operator in a most advantageous competitive position.<sup>18</sup>

### Trend Toward One-Stop Shopping

Consumers these days are becoming more interested in one-stop shopping stores. The majority of them are not interested in buying their groceries in one store and the meat in another, as long as their meat requirements can be met. "About 84 per cent of the purchasers of fresh meats bought groceries and meats at one store. Only 15 per cent

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<sup>17</sup> The Story of Meat, Swift and Company Agricultural Research, Chicago. Agricultural Research Bulletin, No. 2.

<sup>18</sup> Zimmerman, M. M., The Super Market, New York, Toronto, London: McGraw-Hill Book Company, Inc., 1955, p. 221.

bought groceries at one store and fresh meat at another."<sup>19</sup> From these facts it could be determined that a better meat department will encourage sales in other departments of the supermarket.

### Self-Service Meats

Since the war years, self-service meat stores have grown in number until at present there are more than 11,000, with chain stores accounting for better than 8,100."<sup>20</sup> Over a relatively few short years, self-service has become an accepted merchandising technique of the food industry. Although this method is not without its problems, there are very few chains today that are not using self-service meats in their supermarket operation.

The fact that the meat operations in chain stores are not 100 per cent self-service must be acknowledged; there are some service and many partial self-service meat operations. In partial self-service operations, there is a self-service display, and a service counter where certain meat products are displayed and cut to order upon request. The layout of a partial service counter varies, and in chains it is normally restricted to shopping areas in which the consumers have not accepted the self-service system. Although the chains are interested in completing the transition to 100 per cent self-service, the customers will eventually decide the time.

### Problems Self-Service Meats Can Create for the Operator

1. "The number one problem for most self-service stores is production. The self-service operator must schedule

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<sup>19</sup> Pamphlet, Meat Retailing in 1950, Annual Armour and Company Research Report on Self-Service Meats. p. 6.

<sup>20</sup> "Self-Service," Chain Store Age, December, 1955, p. 72.

production to make best use of the time of his meat cutters and wrappers. He must visualize his requirements by kinds of products, by sizes, and by weights. He must plan his production to be prepared for peak periods and he must not package certain of the more perishable products too far ahead of sale.

2. Another big problem is perishability. Most meats are highly perishable, and prepackaged meats are subject to discoloration and loss of bloom when exposed to light. Meats must be handled with care every step of the way. The product should not be permitted to stay in the self-service case beyond normal time limits. Nothing is so disastrous to self-service meat operation as shoddy-looking product that has lost its bloom.
3. Still another problem is display. A wide variety of products must be on display at all times. Certain slow moving and less desirable cuts must be displayed in a manner that will insure their movement along with the more popular and more desirable items.

Since personal contact with the consumer is at a minimum, the display itself must do the job.

4. Trying to figure out ahead of time what the customer wants is not always easy. Decisions must be made in advance as to size, weight and trim of the produce. Weather conditions, price relationships, availability of produce and many other factors play an important part. It isn't always easy to figure out in advance what the little woman will want when she goes shopping. In fact, she doesn't always know herself until she looks in the meat case.
5. The package is terrifically important in self-service. Loss of personal contact places a big burden on the package. The package must sell itself. Thus, all the information regarding a particular item has to be included on the label. There is little, if any, opportunity for answering questions by word of mouth. Everything must be spelled out on the package in simple, easy to understand language.
6. Although considerable progress has been made in licking most packaging problems, some of the more pesty ones still persist. Some stores are still wrestling with the problem of how to package heavier items to withstand the beating they take at the customer's hands. Sharp points and edges on some cuts of meat still pose a problem. And, oozing of blood and moisture from certain meat items gives many self-service meat men a rough time.

7. Still another problem in self-service is the most attractive looking packages go first. The housewife picks and chooses among the various packages and she usually picks the one that looks best. Therefore, the self-service meat man must strive to make his packages of a given item look about the same. This is sometimes difficult because he is dealing with a product that comes from wholesale cuts which vary in weight, conformation, and thickness of fat and bone.
8. There are many other problems. Some self-service operators are still bothered by rewraps because of the poor wrapping job in the first place, or the beating the package takes from the consumer.

Special orders are the bone of some self-service stores. They disrupt production schedules, take valuable time from busy personnel, and defeat the main purpose of the self-service method of merchandising.

Labels make trouble from time to time. Occasionally, labels on the outside come off and labels on the inside get messy looking.

Self-service requires exactness in scaling and pricing. The weight and price must be declared on the label and is subject to check at any time by consumers and the Weights and Measures Authorities.<sup>21</sup>

#### A Problem of the Industry

In 1955 the Agricultural Experiment Station of Michigan State University conducted a survey in the Flint and Grand Rapids areas in the field of self-service meats.<sup>22</sup> An interesting paradox was revealed; whereas the greater percentage of the housewives interviewed did their marketing in stores which had self-service meat departments, the majority of this group stated they would prefer to purchase their meats in markets having service meat departments. This indicates a dissatisfaction on the part of the housewives for self-service meats and is therefore a problem facing the chain store industry.

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<sup>21</sup>Teitilman, S., "Self-Service Meats," Marketing Research Department, Armour and Company, July 28, 1954 (Mimeographed)

<sup>22</sup>"What Consumers are Saying About Prepackaged Fresh and Frozen Meats," Agricultural Experiment Station, Michigan State University, Special Bulletin 406, December, 1955.

### Consumer Dissatisfaction

The customers interviewed in the Michigan State survey summarized their reasons for disliking self-service meats into four main categories. The first, and by far the most outstanding criticism of self-service meats is, that it results in a lack of personal contact between the customer and her butcher. Secondly, the customer felt she missed the cooking instructions which her butcher in the service markets afforded her. She further felt that as a general rule the meat in service cases was fresher than that which is found in the self-service cases today. Finally, the customer grouped and listed a series of complaints which she felt self-service meat departments inflicted on her:<sup>23</sup>

1. She did not know how long the meat had been prepackaged.
2. She felt that she had been deceived by packages where only the "best side" was visible and bone and fat had been concealed by wrapping material.
3. She was concerned about getting advice from the butcher.
4. She was interested in seeing the meat weighed.
5. She also felt that prepackaged meat did not taste the same.
6. She felt that prepackaged meat was too expensive.

These dissatisfying experiences, which the housewife endured during the early stages of self-service, could readily be accepted as being valid reasons for her unfavorable attitude toward this type of operation.

### Manager's Misconceptions

As most humans generally fear that which they understand least, it was only natural that the butchers, who were being converted from

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<sup>23</sup>Ibid, p. 11

service to self-service, made this conversion reluctantly. They were not aware of the advantages that self-service held out to them as meat men and they did not fully understand the nature of the responsibilities which the change entailed. They were ill-informed and inexperienced in its use and, hence, misused the privileges of this innovation, resulting in a lasting detriment to their industry.

1. The main item of weekly, quarterly and yearly interest to any meat manager is his gross profit percentage record. The degree of success or failure which he attains is measured by the use of this yardstick. The butcher connected this gross profit factor with the personal contact which he had with his customers in pre-self-service days. He felt that he increased his sales through his ability to project his personality upon the customer, and that he could handle the sale of the higher priced and the lower priced cuts of meat with greater ease and less financial loss through his knowledge and contact with his individual customers. Finally, he felt that having direct contact with the public, he was in a better position to merchandise his off-conditioned and discolored meat with the least amount of waste and without harm to his clientele.

2. The transformation from service to self-service required a revision of operating procedure and necessitated the installation of new display cases, conveyors, wrapping booths and other devices which enhanced the efficiency of the department. Personnel requirements remained basically the same. The meat managers, however, while making the conversion physically, failed to make it mentally. They failed to comprehend that although the systems did not provide the personal contact previously enjoyed in service operations, self-service had not



completely eliminated this contact. As a result, meat managers began to worry about the success of their gross profit margins and searched about for some new methods, peculiar to the system, which in part could compensate them for the apparent loss of personal contact. It is indeed unfortunate that they had on their own initiative temporarily instituted some workable methods which proved to be unsound and detrimental to a favorable public attitude.

3. Managers, feeling that they could cut down on the deterioration of meat, began to experiment and use preservatives in large amounts. In many cases, these preservatives left a taste on the meat which the customers attributed to the cellophane rather than to the unknown additive. Although chemically treated, cellophane imparts no taste to meat. To this date, many customers associate the adverse taste of the meat to the wrapping material. Meat men, relying upon preservatives to retard deterioration of the meat, were unaware of the stigma that was being attached to pre-packaged meats.

4. Selling meat long after its freshness had become questionable was also practiced. People, whose meat knowledge was very limited, unwittingly fell victim to this method of aiding the gross profit factor. They purchased what appeared to them, in their experience, to be a good piece of meat and found afterwards, it actually was discolored and off-conditioned.

5. Meat men began to figure out how they could wrap packages to deceive the public into buying items which would not otherwise sell. They hid the fat and tails of steaks underneath the steaks. They covered bone and fat with the price ticket. They made wedge cut steaks and chops which were placed on sale, and they packaged off-conditioned

meat with the discolored surface hidden by cardboard. These wrapping methods, although almost non-existent in actual practice in the better companies today, were common in the beginning.

6. Many consumers feel that they are paying for the cardboard and cellophane which is included in each package. Today, this misconception can be refuted. Actually, there is some basis for the existence of this thought in the minds of the customers. Butchers in the past, were known to use unorthodox methods when scaling meats. Short weights were a common practice. When prepackaging was introduced, the weight of the cardboard and the cellophane was in most instances included in the total weight of the package. This practice is illegal, violates company policy and should definitely be discontinued.

If the meat men making the switch from service to self-service had more faith in their new innovation, had they the proper understanding of its many benefits, and had they been fully aware of how easily the customer would become hypersensitive to this self-service operation, it is doubtful if any of the above practices would have been developed. However, develop they did and they have caused a resentment in the minds of the customers which exists even today.

#### Management's Failure

The store represents but a part of a company, and any one company represents only a part of an industry. Why didn't the companies attempt to control or prevent the above mentioned abuses?

In the case of the companies, the executives lacked the faith and experience which this form of operation required. There was very little data available from which specific operating procedures could be drawn. Trial and error seemed to be the accepted practice.

Management issued instructions, offered suggestions, but in the main, they were standing by trying to determine, if they could, whether this innovation would receive successful acceptance by the customers. A war was being fought and labor was hard to get, both in the managerial and supervisory levels, and the forward-looking, progressive ideas which management possesses today did not yet exist. As a result, top management failed to see what their managers were doing until it was obvious and the damage had been done.

### Consumer Conditioning

The customer had been the victim of the ignorance of the stores and the companies, and became hypersensitive to self-service meats. Still, this need not have created a serious problem. All that seemed necessary, was to remove the cause of the shopper's concern. The companies believed this, and in their new stores strived to eliminate the abuses which the customer disliked. To management's consternation, people patronized these self-service departments, but still maintained their preference for service markets. Something was amiss, the abuses were being eliminated without wholly pacifying the customer.

Perhaps this behavior can be explained by use of an analogy. Pavlov performed an experiment in which he eventually determined that formation of association takes place in all learning, be it trial and error or merely simple association. In the experiment, he used a bell and a dog, with food as an incentive. In this analogy, the customer will substitute for the dog, self-service for the bell, and abuses for food:

Pavlov's	DOG	BELL	FOOD
OUR ANALOGY	CUSTOMER	SELF-SERVICE	ABUSES

Pavlov's experiment was based on the fact that dogs salivate at the sight of food. He proved that if he showed the dog food it would salivate. He then rang a bell just before he showed the food. After being exposed to this procedure a number of times, the dog began to salivate at the sound of the bell without waiting for the sight of the food. The dog, therefore, had associated the ringing of the bell with the fact he would see food. Pavlov later rang the bell without showing food and the dog continued to salivate, hence, he had shown that the dog retained this association of facts.

The self-service analogy is very similar to Pavlov's experiment. The customer is the subject being exposed to the experiment. She has her natural distaste for abuses as the incentive factor. If she is exposed to abuses she will register distaste and displeasure. If she is exposed to these abuses often enough in self-service markets, she in time will associate the abuses with self-service markets themselves. Following the analogy, if the abuses are removed and the customer continues to be exposed to the self-service factor alone, she will continue to exhibit this distasteful attitude. This is the reason, merely removing the abuses from the markets does not get immediate approval of their systems by the customers. The customer has been unconsciously trained to associate abuses with the system of self-service meats itself.

#### Consumer Reconditioning

There are two ways that this "association of facts" effect can be destroyed. First, the customer could be exposed to self-service meats constantly without any abuses being present. If the dog hears

the bell rung enough without food following, it will eventually disassociate food with the ringing of a bell. The customer would likewise, after a long time of being exposed to self-service meats without experiencing its corresponding abuses, learn to disassociate the abuses with the self-service meat operation itself. However, this is a time-consuming process, and we are in the greatest expansion era the industry has ever known. Millions of dollars will be spent on self-service equipment this year alone. The industry cannot wait for time to take care of this matter.

The second method available should be used to enable the customer to become disassociated--retrain them. This retraining has already begun throughout the food industry in the various companies and their markets.

#### Manager Reconditioning

The most logical position at which a corrective program can begin is at the store level. It is the meat manager's main responsibility in this retraining program, to eliminate all of the abuses to which the customer has been subjected and those which may be objectionable to her. Corrective action can and must be taken to overcome these deficiencies if the meat manager wishes to make the self-service operation successful, and favorably acceptable by the consumers. To accomplish this desired aim, several principles must be understood and effectively employed by the manager in his daily operation.

1. Self-service meat departments should sell meat which is as good if not better in grade than that sold by competitors, especially service type competitors.

2. Prices should be competitive. Although the meat manager must price merchandise in accordance with company price lists, he is in a position to assure customers that they are not penalized, by either high price, or poor quality, for the many benefits which self-service offers. Managers should, instead, stress "high quality at a low price."

3. Attractive displays should be maintained at all times. Managers must examine their cases many times daily to keep the packages arranged neatly and to make sure all off-conditioned and discolored packages are removed. Butchers are no longer the personal salesmen behind the case as in the days of the service markets, instead they have been replaced by "thousands of salesmen" in the case itself. Just as it is necessary to keep salesmen neat, clean, and pleasing, the individual package and rows of packages that are displayed in the case should be as attractive and appealing as possible. At all times, "eye appeal is buy appeal."

4. The cutting should be neat and uniform. Wedge shaped steaks and chops must not be packaged. Each item in a package should be uniform in shape, size and thickness.

5. Meat should be fresh. The cutting operation should be planned and closely coordinated with the sales of each product. Packages that do not sell quickly should be pulled out of the case, examined, reworked if necessary and then rewrapped. (See Chart II of Appendix B, page 118 for "average saleable life of various meats.")

Meat displayed in the case can also be made to appear fresh by

effectively using color contrast and case lighting. Light colored meat (such as pork and veal) displayed next to red meat (beef), provides a pleasing contrast which gives a maximum display value and conveys an impression of freshness. A soft, white, fluorescent light minimizes discoloration and shows each cut to advantage, bringing out the natural color of the meat product.

6. Customers should be treated individually and without discrimination. The manager must emphasize this principle in every phase of his operation. He must instill in the customer the feeling that by buying her meat out of the case, she is getting as good a trim, good meat, and as good a price as anyone else gets in that store, regardless of how they purchase their meat. A customer asking for meat to be cut, instead of taking a package from the display, should receive a cut that is no better than those on display. The principle that all people are treated alike should be practiced and in a short time, the customer will learn that any meat offered by the store is one quality. Establishing this fact in the minds of customers is more important than the sale of any one particular piece of meat.

7. Relations with customers must be effective and uniform. From the lowest clerk in the meat department to the meat manager himself, uniform treatment must be afforded all customers. Since consistent personal contact with any one person in the department is not possible, the customer must be made to feel that any clerk she contacts will afford her the same service. Promptness and courteousness, as always should be prime factors in dealing with customers. The customer should be made to feel that regardless of who she calls on for service, she can

depend upon the character and ability of that person.

8. Unit price factor should be utilized to its fullest possibility. Unit price is the key factor which delineates service meat from self-service meat. Unit price gives self-service an advantage over service cases, that is, the customer can select a meat product cut and priced to her satisfaction. In this respect, self-service displays feature particular cuts of meat varying in price according to the total weight of each individual item. These weight differentials with their corresponding price variance, offer the customer an excellent opportunity to select the quantity and quality desired at a price she is willing and able to pay.

In the old type service case, very expensive cuts of meat, such as tenderloin steaks (\$1.87 per pound), boneless club steak (approximately \$1.49 per pound), sandwich steaks (\$1.19 per pound), and boneless strip sirloin steaks (\$1.19 per pound), were extremely difficult to display, and as a result very difficult to sell. The high price tags scared prospective customers away.

Today, these items are displayed daily in many meat markets and are successful volume and profit items bought on impulse. Unit price has made the difference. The price per pound is no longer the predominate factor, the price per package has replaced it. People by nature have accepted this pricing by the unit package as a great improvement in the merchandising of meats. (The price per pound is still indicated on the price ticket, but a customer pays more attention to the total price of the package than how much it is per pound.) There are many more ways that unit price can be utilized, but this is



its main advantage.

9. Pay attention to variety in all its definitions. In the past, in speaking of service meat departments, variety had but one definition; having all the various types of meat (pork, beef, lamb, poultry, etc.) in the case. With the coming of self-service meats and the practice of utilizing the unit price factor, variety has taken on a much broader meaning.

Variety still means maintaining all the different types of meats, but, in addition, the term now suggests a greater assortment of cuts within each type of meat. For example, it is not enough to have beef displayed in the case; roasts, steaks, and stews are necessary to provide the customer with as complete a selection of cuts as is possible within a specific type. The display should include variety within each cut. A few popular steak cuts, such as tenderloin and porterhouse, will not normally offer the customer a reasonable selection. The housewife is interested in varying her menus and should have a choice of other steak cuts. Sandwich steaks, cube steaks, swiss steaks, fillets, rib and chuck steaks, are a few of the many types that can be merchandized. Some large supermarkets display as many as seventeen different types of beef steaks and fifteen types of beef roasts daily.<sup>24</sup> Within each type of retail cut, such as steaks, roasts, chops, etc., there is a need for an assortment of different weight units. Steaks should be offered in different thicknesses, chops should vary in thickness and in number of units in each package. Variety must be maintained

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<sup>24</sup>Grand Union Company, East Paterson, New Jersey

headquarters level.

2. Executives must find some means to insure the customer against financial loss, which might be experienced through the purchase of an unsatisfactory meat package. One method being followed by a forward looking company, the Grand Union Company of East Paterson, New Jersey, has been the "bonded meats" program. Each package contains a bond which is a "money back guarantee." These bonds are cheerfully received by the managers, and the customer's money refunded to her in any instance where a purchase of a meat item was unsatisfactory. What could be an unpleasant situation, if handled to the customer's satisfaction, can be used to promote good customer relations by assuring that no financial loss will be incurred because of her inability to judge freshness, quality and tenderness.

3. Institution of freshness control methods. This need was pointed out as a conclusion to the Michigan State survey and is already in practice in the East. Some companies are dating pre-packaged meat. Labels are being placed on meat packages which indicate the date of cutting or the latest date on which a package may be sold. This program has been advertised by the public relations department of the respective companies and has been very well received by their customers.

4. Remove the mystery which surrounds self-service meat operation. Management can never assume that the average housewife is aware of the operation that is being performed in the backroom of a self-service department. Many customers have formulated incorrect ideas in their minds. For instance, some customers think that the meat in the case is cut in warehouses and is shipped to the stores

constantly. The more variety and types of meats displayed, the less need there will be for cutting special requests to fulfill the wants of the individual customers.

10. All government regulations must be followed. Company officers realize the importance of complying with all government regulations. Their obligation to the public and the desire for a successful business requires compliance and enforcement of these regulations. The occasion is rare today, where a manager consciously violates regulations in regard to the use of preservatives and weights and measures, violations which were not uncommon in previous years.

A manager who attempts to comply with and enforce these regulations will not only win the patronage of the public, but may, over a period of time, eradicate the stigma attached to self-service meats.

#### The Company's Objectives

Although managers are responsible for actually putting these principles into effect, a large portion of the responsibility remains with the company's executives. Progressive management must concentrate the abilities of their top level men on the problem of reorienting the customer's unfavorable attitude toward pre-packaged meat. Not only the efforts of their executives, but their personnel, public relations, and even their engineering departments, should be exerted. There are at least six major directions in which they might concentrate their efforts.

1. First, the executives must take precautions to be assured that abuses no longer exist in their stores. Supervision along the entire chain of command must enforce the policies originated at the

after two or three days.

To eliminate as much of this mystery as possible, some companies have installed glass windows between the cutting rooms and the meat display. The customer can actually see the meat being cut.

5. Help the customer determine proper cooking procedures.

A cookbook cannot be issued economically to each customer, but she can be given culinary instructions which can aid her in the preparation of specific meat cuts. Today, labels clearly identify each package of meat. Sometimes the meat item is further identified or associated with the type or manner of cookery (e.g., frying chicken, chuck roast, stew, etc.). In some instances, cooking instructions are enclosed in the package, and in others, pamphlets are placed near the meat case and made available for those who desire them. Manuals are issued to the meat department personnel suggesting proper cooking methods for all the meat items handled. Personnel familiar with these instructions are able to answer many of the questions which customers ask. (See Chart III of Appendix B, page 119, for "common methods of meat preparation.")

6. Return as much of the personal contact factor to the customer as possible. Managers cannot be expected to accomplish this segment of the retraining program without help. Signs in the store should be prominently displayed, informing the customers that special service is available. Advertising media should be utilized to assure the customer that her shopping preferences will be embodied in this new type of operation. Of the many methods in operation, none seem to be as effective in reinstating the personal contact to the customer

as the "rolling cold" principle.

This system efficiently facilitates the transfer of the retail cuts to the scaling and wrapping areas by means of a conveyor recessed in a refrigerated trough, approximately one foot deep. This trough runs parallel to and against the wall behind the meat display cases. Situated perpendicular to and in line with the refrigerated trough are the scaling and wrapping tables. Each table is a complete station, equipped with the necessary tools and supplies for the performance of each operation. After the meat is processed in the cutting room and placed on the trays located in the trough, they are rolled through an opening which connects the cutting room with the scaling and wrapping area. Each cut is taken from the tray, weighed, replaced, and then conveyed to the wrappers. The wrappers wrap the meat which is subsequently displayed in the case.

The "rolling cold" system was devised in an attempt to fulfill the customer's wishes that she be allowed to contact her butcher personally, and at the same time observe the meat operation. Previously, only a case filled with meat was visible to a self-service meat customer.

Few shoppers knew for certain that the meat had been cut within the confines of the building, many thinking that the meat may have been cut in a warehouse and shipped to the store. Many customers distrusted the meat, feeling that it had been wrapped several days previously. Many wanted to ask for personal service but did not see anyone to ask.

In the rolling cold system, the customer views the meat

being scaled and wrapped. She can see the meat placed in the case. Stationed immediately behind the case are two people, usually the manager and hostess, whose functions are to act as good public relations personnel. In addition to these two, there are from six to eight wrapping stations distributed along the back of the case. No matter where the customer is in relation to the case, there is a wrapper in the immediate area. All the meat personnel involved, wrappers, scalers, hostesses, etc., should be trained to give personal service to any and all customers even though the department is operating a self-service meat department. In many cases, personal contact relationships have been established which are more effective than those the customer was accustomed to receiving in service stores.

#### Service Meat Department

Greater emphasis has been placed upon self-service meat operations over the service type, because of its great impact on present meat merchandising procedure. Although the influence has been wide spread, a feeling prevails that:

There's a place for service meats. With the proper conditions, service meat or a combination of service and self-service, can be about as successful as self-service departments. The trend in meat merchandising is self-service, but there are situations where service meat is finding a profitable place in chains because in these cases it is what certain customers want.<sup>25</sup>

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<sup>25</sup>"There's A Place For Service Meat", Chain Store Age, September, 1955, p. 93

## Summary

Each company has but a small voice in its industry. Training customers cannot be successfully undertaken by one company, the problem is one for the entire industry. The food industry is very fortunate in having organizations which are representative of those companies desiring this unity. Through the cooperative ventures, interchange of ideas, conferences, and discussion groups, which its members have experienced in organizations such as the National Association of Food Chains and the Super Market Institute and others, have greatly aided in focusing attention on critical problems. Through these organizations, concrete measures are being taken to project progressive, forward-looking ideas and methods of individual companies throughout the industry.

What hope has the future to offer the industry in its efforts to win favorable acceptance of pre-packaged meats by the average housewife? The term future implies passing of time and, in this case, time can work in the supermarket industry's favor. The bell will have an opportunity to be rung many times without the stimulus which caused the dog to salivate. The customer will tend to become more and more disassociated with the unfavorable stimuli which caused her unfavorable attitude. The passage of time should have a healing effect.

Almost all the new stores being built today are designed for self-service meat departments. As each new store is built, the opportunities for the housewife to shop in service markets diminish.

With the passage of each year, the economy is blessed with a new consumer group. Youth, assuming the responsibility and obligations of adults, provides the economy with additional purchasing power and at the same time, a new customer for the food industry.

As self-service moves toward maturity and further from its unfortunate birth, pre-packaged meats will become more and more an accepted practice. Surveys conducted in the future will continue to find the majority of people buying their meat in self-service stores, but will no doubt find that the people do so because they have a preference for self-service.



## CHAPTER IV

### PRICING

#### Introduction

The supermarket, founded on a new concept of merchandising, revolutionized food retailing. In 1930, the first of these "wonders" entered the food picture. Alpha Beta, Big Bear and King Kullen are given credit for originating this industry which today is responsible for 16 to 20 billions of dollars worth of food business annually.<sup>26</sup> The success of these markets was phenomenal. There is no doubt that these supermarkets were psychologically timed. The depression had created a need for a retail store that could offer food at a low price. One must remember that times were hard and money was scarce. A natural reaction of the consumer was to seek a place where food could be bought with fewer dollars. And so the supermarket was born.

Today, just as it had in the 30's, the philosophy of low margin with a high volume prevails in a supermarket operation. Of course, in the face of competition, there is a need for many other incentives to be offered by the supermarket to induce traffic. However, when one begins to separate the cream from the milk he finds that price constitutes the body of the supermarket structure. This is evidenced by the fact that when gimmicks and deals have lost their potency a supermarket will invariably return to competitive pricing in order to maintain the hum of the cash register.

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<sup>26</sup>Zimmerman, M. M., The Super Market, New York: McGraw-Hill, Inc., 1955, pp. 34-42, 140.

Today, pricing is a complex system. This is so, not only because of the variable that is still not objectively measurable--the human element (consumer) involved, but also because of the other elements and principles which must be considered when attempting to arrive at a profitable retail price for any given item.

With pricing policy having such an intensified effect on any business, it is understandable why its functions are so specialized in nature and generally broad in concept. Moreover, with pricing being so specialized and individualized to each organization, it is understandable that the pricing system will vary in marked degrees for each organization. However, there are similarities in all of the different systems.

The very importance of a pricing system demands that each individual segment of it be viewed in respect to the effects or ramifications of that part on the whole. Also, a price system must be established as a long range program, for the proper price and continuity of the whole system is the logical means of creating customer confidence in a store's prices. Because of the dynamic and forceful characteristics of pricing a store manager should possess a workable and understandable knowledge of pricing characteristics.

#### The Relation of Price to Profit

Profits are the result of the interrelationship between prices, merchandise costs, expense and volume. Further, each one of the aforementioned are strongly dependent on each other. For instance, price is determined by cost, expense, (desired net profit), and volume. If however, price is changed, volume will most probably change, as well as profit. To illustrate, suppose an item cost 60¢ and sells for \$1.00.

The markup, or difference between cost and retail, is 40¢. If profit is to be made on this transaction, the 40¢ markup must be more than enough to pay a fair share of the overhead expense of the store, and all direct handling expense and selling expense involved. Assuming that the total applicable expense in this case is 35¢, the net profit is 5¢ (40¢ - 35¢). Assume, also, that weekly sales on this item are one hundred units. Consequently, weekly volume in dollars is one hundred; weekly profit is \$5.00.

Now consider what might happen if the retail price is raised to \$1.10. First, sales would probably decrease. If sales fall to 60 units per week, merchandise cost and expense remaining the same, profit realization will be  $60 \times 15¢$  or \$9.00. In this case, the price increase appears to be advantageous. Unit costs, however, may change and alter the picture. The expenses, such as heat, light, rent, etc., will remain the same in dollar amount; yet the charge against each product unit is greater because fewer units were sold. Assume that the total expense charge per unit is now 45¢ instead of 35¢ as it was above when 100 units were sold. The new unit profit realization is now 5¢ ( $\$1.10 - 60¢$  plus 45¢); and total profit for the week, under the changed volume, is \$3.00 ( $60 \times 5¢$ ). This illustrates the inter-relationship between price, merchandise cost, expense, and sales volume.

If the price were lowered, there is a good chance that the volume would increase, but the amount of increase and the effect on cost are difficult to predict because of the many variables involved. If competitors follow suit and decrease price, margin is lost without the necessary gain in volume.

Summing up the relationship of price and profit, it becomes evident that there is not a standard, unquestionable markup which can be applied automatically to items as they are stocked. Pricing for maximum profit is a constantly changing challenge, and can only be mastered by finding the right combination of price, merchandise cost, expense, and profit. Retail pricing practices differ considerably, but the basic problem is always the same.

### Markup

Markup is the amount added to cost price to arrive at the retail price. This is the essence of the pricing system. There are many factors that influence markup:<sup>27</sup>

1. Customer appeal of the goods or merchandise.
2. Pricing at competitor's level.
3. Limiting price competition.
  - a. Prestige
  - b. Services
  - c. Location
  - d. Store hours
  - e. Private brands
  - f. Manufacturers Guidance
  - g. Extent of Escape from Price Competition
 

Three points need be made concerning a store's ability to escape direct price competition:<sup>28</sup> (1) No store can completely escape price competition. (2) High price on staples drives customers elsewhere. (3) Similarity of competition.
4. Pricing below competition's level.
  - a. Discount houses
  - b. Trading stamps

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<sup>27</sup>Knauth, Oswald, "Considerations in the Setting of Retail Prices," Journal of Marketing, Volume XIV, No. 1, July 1949, pp.2-12.

<sup>28</sup>Duncan, Delbert J. and Phillips, Charles, "Price Merchandise," Retailing Principles and Methods, 4th Edition, Richard D. Irwin, Inc., Illinois, 1954, p. 420.

5. Pricing above competitor's level.
6. Price lines.
7. Changing price levels.
8. Time and weather of the season: Fashion goods.
9. Customary prices.
10. Odd prices
11. Cost of merchandise.
12. Stock turnover.
13. Price legislation.

### Methods of Markup

There are two methods of applying markups to merchandise. One method, the oldest of the two and still used in many department and variety stores, is that of applying a constant, or flat markup to merchandise product lines regardless of volume or sales velocity. The other method, which is coming into popularity in modern day food retailing, involves a varying, or sliding markup, which is applied to an item in accordance with the sales velocity or movement of that item. The theory of the "sliding markup," or sometimes called "sliding margin" method of pricing, centers around the assumption that one of the chief objectives of modern food store administration is to formulate a pricing policy which will produce the following results:<sup>29</sup>

1. Give the customer an impression of low price.
2. Build sales and customer traffic.
3. Effect maximum profit not from individual items, but rather from total sales.

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<sup>29</sup>"The Foodtown Study," Progressive Grocer, (January, 1955,) p. 4.

The basis of this principle can be summed up in the third result—"effect maximum profit from total sales, not from each individual item." By this statement, it is assumed that low margins (or prices) will profitably affect the relationship between expenses and volume. From this principle the following conclusion can be drawn: if a given item is a fast mover, it should carry a low markup; if it is a slow mover, it should carry a high markup. This method of pricing is beneficial to the consumer in that the items the consumer buys and needs the most would carry a lower price than the same items priced in accordance with the constant markup method. The chart on page 123 illustrates how the principle of high velocity-low margin affects the margin percentage-wise on grocery products. Irrelevant but interesting, the chart on page 124 shows how the average customer spends one hundred dollars in a good market. The fact that low margin does not necessarily mean low dollar profit is illustrated by the chart on page 125, which compares margin percentage against dollar profit in the different departments within a grocery store.

Returning to markup methods, it must be remembered that to successfully sell merchandise, the dollar receipts from sales must be sufficient to cover the cost of the merchandise, the handling and selling expenses, and the desired net profit. This does not mean that every item sold can or should show a profit. Variance in turnover rates, competition, legal regulations, controls by suppliers, customary prices, traffic-building sales promotion, customer's concepts of values, and differences in merchandise characteristics are all factors which make it advisable to use the "sliding" or varying method of determining markup.

In deciding on "original" markup, it is necessary to take into consideration the characteristics of the item involved. If an item is subject to shrinkage, markdowns, or easy damage, allowances must be made. For instance, produce items are subject to spoilage to a far greater extent than items in the grocery department. It would be senseless to apply the same markup to tomatoes, as would be applied to cigarettes. Even so, items within the same department vary in this regard. As an example, tomatoes spoil far more rapidly than do potatoes; consequently, tomatoes carry an average markup of approximately 33 per cent, while potatoes carry an average markup of about 20 per cent.

#### Difference in Handling and Selling Costs

Cost of handling and selling merchandise is another factor which influences markup. It can be stated generally that there is more expense involved in handling slower-moving merchandise than in fast-selling merchandise.

Again using the comparison of tomatoes and cigarettes, it is evident that the cost of handling tomatoes, which involves expensive labor, a large sales space, sales preparation, and salesmanship, is much greater than the expense involved in handling cigarettes, which require minimum sales space in proportion, minimum salesmanship, and which have no spoilage element.

Reports and surveys show that generally, most food operators do not know the relative handling and selling costs attached to each item sold in their stores.<sup>30</sup> Nevertheless, handling costs are reflected in the markup on many articles.

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<sup>30</sup>"Supermarkets and Marketing Efficiency," Cost and Profit Outlook, Vol. VIII, No. 8 (August, 1955,) p. 1

### Demand Consideration

Since sales volume is a key factor in the determination of markup or margin, food operators must pay particular attention to the effect that prices will have on the customer. For instance, the over-all market demand for soap and cigarettes is not particularly sensitive to price change. However, as far as any one particular retailer is concerned, the demand for these items is extremely elastic. The food operator must learn through practice where demand is sensitive to price in his particular store. Stated simply, the demand for coffee is extremely elastic, and volume would be adversely affected in the face of a high price on coffee in one particular store; whereas, the demand for wax or shoe polish is inelastic and not sensitive to price differential.

Another factor influencing the demand and price relationship is "buyer psychology." Consumers are inclined to associate low prices with inferior quality.<sup>31</sup> When determining prices, consideration must be given to the average customer's appraisal of the article concerned.

### Psychological Pricing

The origin of psychological pricing or "odd pricing" as it is sometimes referred to, is not clear; but the results are unmistakable. Some merchants are of the opinion that this line of reasoning has been over-rated, yet it has been handled successfully by many chains. A price of 98¢ seems considerably cheaper than \$1.00. To purchase an item for \$4.98 is to effect savings over the same item priced at \$5.00. The same principles can be and have been applied to food store pricing

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<sup>31</sup>Brown-Davidson, Retailing Principles and Practices, New York: (The Ronald Press Company, 1953), p. 322.



with equally successful results. A price of 29¢ on an item seems to indicate a reduction from 30¢, while in reality it probably resulted from psychological price fixing at a level above the 27¢ or 28¢ price indicated by the application of an average markup. While psychological pricing is not practiced to the exclusion of other methods, it is considered of sufficient importance to be mentioned.

### Multiple-Unit Pricing

The use of multiple-unit price system has also a significant affect in customer psychology. Items sold in supermarkets on this basis can offer the customer a saving, in other words, a quantity discount. Although this is not necessarily true in all cases, multiple unit purchases generally do afford the customer a savings. The greatest advantage of this pricing system is that it does stimulate the customer into selecting multiple units, rather than individual units. Multiple-unit pricing also allows the item to be priced at a figure which is closer to the desired margin. The ultimate object being that of increasing dollar profit by increasing the volume of sales.

### Competitive Considerations

While customer demand is a consideration of pricing decisions, analysis of demand usually involves some consideration of competitive merchandising activities. When a retailer lowers a price, the objective is not usually to increase consumption; rather it is to increase volume by obtaining customers from rival operations. Generally, "elasticity of demand" is responsible for lower prices on necessary items, but the underlying reason is usually competition. This is where "price leaders" enter the picture. Consumption of items such as soap,

shortening, flour, and so forth, cannot be increased materially. Volume of sales concerning these items, on the other hand, can be increased by obtaining customers from other stores. The extent to which merchants determine prices on the basis of competition, therefore, depends upon the demand and importance which customers attach to price differentials.

### Leader Pricing

A practice which is common in most retail food outlets is that of "leader pricing". It is commonly referred to as the "intentional marking of an item or items at prices that will not yield the maximum dollar profit return on the goods."<sup>32</sup> It should not be assumed that all low prices are "leaders," for it is possible to have a low price and still retain a maximum profit.

The use of leader pricing tends to mislead customers into believing that all prices in the store are low. The leader is used to lure the customer into the store, with the expectation that other merchandise will be bought in addition to the leader. This system has been open to criticism in that it is considered unethical and injurious to other retailers.

Legal aspects--As a result of this feeling, legal limitations have been imposed through passage of "Unfair Trade Practice Acts." These acts are mandatory and apply to all goods, branded or not, with the purpose of preventing the price of an item going below a certain minimum based on the individual merchandise cost and a specified minimum markup percentage.

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<sup>32</sup>Ibid, p. 324.

In most states "Fair Trade Laws" are in existence. These states quickly passed this legislation when the Supreme Court decision in 1936 declared that the provisions of the Fair Trade Laws in California were constitutional. Since that time, other laws have been passed to supplement and strengthen the Sherman Anti-Trust Law and the Miller-Tydings Act. One of these bills passed by Congress is the McGuire Bill which was signed by the President in 1952, to cover deficiencies which existed in the Miller-Tydings Act. The McGuire Bill clearly states:

That it is not unlawful to make contracts or agreements prescribing minimum or stipulated prices, when such contracts are lawful in the state in which the product is resold. Second, the law provides that nothing contained in any anti-trust law shall make it unlawful to require a vendor to enter into fair trade contracts. Thus it is clearly lawful for a manufacturer to require that a wholesaler must enter into additional fair trade contracts with retailers to whom the wholesaler resells... Third, the most important change is one stating that it is not unlawful to exercise any right or action for enforcement of prescribed prices under state fair trade laws, whether the person or firm selling below the minimum or stipulated price is or is not a party to such an agreement... Fourth, the law provides that neither the making of contracts nor the enforcement of rights of action shall constitute an unlawful burden upon, or restraint upon, or interference with commerce.<sup>33</sup>

"Leader pricing" may be practiced except to the extent limited by unfair trade practice acts, and fair trade laws.

### Limiting Price Competition

#### A. Prestige

The prestige that a store has acquired is a factor taking the store out of direct price competition with its competitors. A store that has existed for some time in a community where it has set the standard for quality may have acquired considerable prestige in the

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<sup>33</sup>Ibid, p. 330.

eyes of its customers. As a result, the customers are willing to pay a little more for the goods sold by that store merely because of the store's name.

#### B. Services

Experience demonstrates that the customers of a store are attracted to that store by many considerations other than price.<sup>34</sup> One store may be more liberal in its delivery policy, in its extension of credit, or in its acceptance of returned goods. Many people want added services and are willing to pay for them.

#### C. Location

A more favorable location limits the importance of price competition. Many shoppers are willing to pay a premium in order to have shopping convenient to their home. However, because of improved transportation facilities (particularly automobiles), there is less of a competitive price advantage because of a good location.

### Price and Markup Computations

#### Pricing Terminology

Skill in handling the mechanical aspects of markups and in analyzing margin relationships is as essential to success as is an understanding of the basic principles of sound price determination.<sup>35</sup>

Before understanding the mathematical processes, it is necessary to become acquainted with the correct meanings of the terminology used in price and markup calculation. The following defined terms are used in pricing computations:

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<sup>34</sup>In a Federal Trade Commission survey, setting prices on the basis of competition was second in importance as a method of retail price determination. Federal Trade Commission, Final Report on the Chain Store Investigation, U. S. Government Printing Office, Washington, D. C., 1935, p. 33.

<sup>35</sup>Ibid., p. 342

Original retail price - first retail price set on an item.

Sales retail - retail price at which an item is finally sold.

Sometimes original and sales retail prices are the same. At other times markdowns or additional markups change the original retail price.

Merchandise cost - billed cost (includes deduction of any trade discounts) plus transportation charges, if any.

Markup - the difference between merchandise cost and retail price.

Initial markup or markon - difference between merchandise cost price and original retail price. The term "markon" generally refers to the difference between total cost and total original retail value of all goods handled to date.

Maintained markup - the actual realized markup, or the difference between the cost of goods sold and the sales retail.

Gross margin or gross profit - difference between total cost of goods sold and net sales.

### Markup Percentages

In most cases, markup is dealt with as a percentage. Markup may be expressed on either a cost or retail base. The markup percentage on retail is computed by dividing the dollar markup by the dollar retail. The formula for finding markup percentage is:<sup>36</sup>

$$\text{Markup \% on retail} = \frac{\$ \text{ Markup}}{\$ \text{ Retail}}$$

When making markup calculations, it is important to keep in mind the following basic relationship:

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<sup>36</sup>Refer to Chart VII, page 126, for examples of "Calculation of Markup on Retail."

$$\text{Retail} = \text{Cost plus Markup}$$

From this basic formula, two other relationships are evident. These are:

$$\text{Markup} = \text{Retail minus Cost}$$

$$\text{Cost} = \text{Retail minus Markup}$$

When any two of these items are known, it is possible to determine the third, in either dollars or percent.

The cumulative initial markup percentage for a given period of time is computed in the same way as that prescribed for markup percentage. Maintained markup and gross margin percentages are also calculated in the same manner, except that net sales are used as a retail base. Expressed as a formula:

$$\text{Maintained markup \%} = \frac{\% \text{ Maintained markup}}{\$ \text{ Net sales}}$$

$$\text{Gross margin \%} = \frac{\$ \text{ Gross margin}}{\$ \text{ Net sales}}$$

#### Application of Markup Percentages on a Retail Basis

The most general application of the markup percentage occurs in a situation where the dollar cost and desired markup percentage are known. The problem is to find the correct retail price. Assume that a grocery buyer had purchased 240 cans of tomatoes at a cost of \$20.00. He wishes to sell them with a 40% markup on retail. The retail price is found by using the following formula:

$$\$ \text{ Retail} = \frac{\$ \text{ Cost}}{100\% \text{ minus Markup \%}}$$

$$\$ \text{ Retail} = \frac{\$ \text{ Cost}}{\text{Cost Complement \%}}$$

Accordingly, cost is \$20.00 or 60% of retail. This is called the cost complement. Substituting values:

$$\$ \text{ Retail} = \frac{\$20.00}{60\%} = \$33.33$$

The buyer must sell the tomatoes for \$33.33, or \$33.33 divided by 240 cans equals 13-8/10 cents per can.

The foregoing example was based on retail. Most merchants and food operators base markup percentages on a retail price basis. There are many reasons why margin is figured on the selling price, or retail price.<sup>37</sup>

1. Neither margin nor profit is made until the sale is made.
2. All other retail business figures are based on their relation to sales, and all business figures should be uniform.
3. Expenses are always figured in relations to sales.
4. Taxes are based on sales.
5. Total sales are usually available at a glance.
6. Allowances and discounts to customers are always made on sales.
7. Markdowns are always figured on selling price.
8. Commission payments are always based on sales.
9. A large part of lost profit in actual cases is traced to figuring expenses on selling and margin on cost.
10. Chain stores, department stores, and all successful stores everywhere figure margin on selling price.
11. This method truthfully represents the per cent made on a sale to a customer. To base the selling price on cost exaggerates the percentage and is misleading. A markup of 100% is only 50% of selling price.

However, there are people who like to use cost price as a basis for expressing markup percentages and computing prices.

#### Application of Markup Percentages on a Cost Basis

The food operators and buyers who use the cost price markup percentage generally do so for one major reason--because they think it is

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<sup>37</sup>"Average Markup and Special Markup," Pricing Merchandise Properly, National Cash Register Company, Dayton, Ohio, 1941, p. 236.

easier to work with. Using the same figures that were used in the example of retail price computation on a retail basis, it is first necessary for the buyer to change the markup percentage desired (which was 40%) to its comparable percentage on a cost price basis. This is done by applying the following formula:<sup>38</sup>

When the known markup percentage is based on retail:

Assume a retail price of \$1.00

Markup = 40% of \$1.00 or 40¢

Cost = \$1.00 minus 40¢ or 60¢

$$\text{Markup \% on cost} = \frac{\$ \text{ Markup}}{\$ \text{ Cost}}$$

Substituting values:

$$\text{Markup \% on cost} = \frac{40¢}{60¢} = .66\text{-}2/3 \text{ or } 66\text{-}2/3\%$$

$$\$ \text{ Markup} = 66\text{-}2/3\% \times \$20.00 = \$13.33$$

Remembering the basic relationship: Retail = Cost plus Markup

$$\text{Retail} = \$20.00 \text{ plus } \$13.33 = \$33.33$$

By this method also, the 240 cans of tomatoes must retail for \$33.33 or 13-8/10 cents per can.

Buyers who use the cost price basis do not normally take the time to mathematically figure the difference in retail and cost markup. They merely use a table such as that shown on page 127 of the Appendix. In the example performed above, the buyer would only have had to look at such a table to know that the cost equivalent of 40% on retail is 66-2/3%.

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<sup>38</sup>Refer to Chart IX, page 128 for other examples of calculation of markup on cost.



### Markup Planning

So far, little mention has been made about the computation of markup figures. Maintained markup must be adequate to cover operating expenses and provide a desired net profit. This statement indicates that there are no concrete grounds on which to base a desired markup for the simple reason that markup deals with elements which are going to occur in the future--and who can predict the future? The key factor in determining a desired markup percentage is an accurate estimate of future sales and expenses. It is impossible to determine precisely what sales and expenses are going to be. The truest method of accurate and timely recordings of all business dealings must be maintained constantly.

In the actual planning of markup, it is necessary to make allowances for possible reduction in price, damage, theft, and loss. Consequently, the initial markup will probably be higher than the maintained markup.

To illustrate the method of planning initial markup, suppose the key figures to be:

Planned net sales . . . . .	\$10,000.00
Planned expenses . . . . .	2,500.00
Planned reductions. . . . .	500.00
Desired net profit. . . . .	500.00

The formula used for determining the required initial markup percentage is:

$$\text{Initial markup \%} = \frac{\text{Expenses plus profit plus reductions}}{\text{Net Sales plus Reductions}}$$

Substituting values:

$$\text{Initial markup \%} = \frac{2,500 \text{ plus } 500 \text{ plus } 500}{10,000 \text{ plus } 500} - \frac{3,500}{10,500} =$$

.333 or 33-1/3%

Under the above set of given key figures, the markup percentage to be used for the period of time covered by the estimations is 33-1/3% of retail.

The foregoing formulas are those commonly used in the retail food industry. Variations of these formulas occur with the usage of some of the different pricing policies discussed in this chapter.

#### Summary

At store level, the manager rarely determines retail price. However, he contributes heavily toward improving margin by minimizing costs wherever possible. Low cost-price relationships and improving profits, a vital need in an industry as highly competitive as food distribution. Although he does not make any price decisions a manager may more effeciently perform his duties if he has a thorough knowledge of pricing policies.

Pricing policies require that much care and detailed analysis be made before final decisions are formed. Since the food distribution industry operates on such a small margin, it is vital that cost be adequately covered by markups and profits. Experience has shown that stores may operate profitably on average gross margin of around 18%.<sup>39</sup> With so many varied products handled, all in different turnover and markup groups, we must continually observe and correct our pricing policies to assure that average margins do successfully cover average costs and return an adequate profit.

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<sup>39</sup>For a chart indicating typical markups used in food stores averaging 18% markup, refer to Chart X.

## CHAPTER V

### ADVERTISING

#### Introduction

Mentioned in the previous chapter was the fact that the super-market made its appearance in this country in 1930. It was at a period when the farmer did not have a large market for his goods, nor did the wholesaler or the retailer. There was just not enough money, or customers who could afford to buy their goods.

Food stores, at that time, were poorly organized and operators made no attempt to reduce the food costs at a time when the consumer had to count pennies. Food store advertising was, as yet, a dormant force, hibernating until the dawn of a new era--the birth of the super-market.

The early supermarkets provided foods at prices that shocked the other operators, and aroused the interest of the consumer. The shopper found that savings were possible. These factors caused the beginning of price advertising in the supermarkets.

Mike Cullen came out with his first newspaper advertising. It was fantastic, unorthodox, contrary to what any experienced advertising man would have considered good copy, but it caught the attention of the people. . . .<sup>40</sup>

The early supermarkets, which used retailing techniques of mass display and price appeal were nothing like the architecturally designed units of today. The markets were housed in abandoned factories, garages and old buildings. These first supermarkets did not contain beautiful fixtures, tile floors, good lighting, efficient handling

equipment, or the variety of items offered today, even so these new markets were accepted by the public because they could supply the consumer food at a lower price.

A Typical Opening Ad In 1933<sup>41</sup>

Beans	\$.03 lb.
Washing Powder - 5¢ size	.01
Private Label Coffee	.15 lb.
Fresh Hams	.11 lb.
Butter	.195 lb.
Oranges	.07 dozen

The supermarket operator realizing that the consumer was price conscious would attract her to his store with many suggestive slogans such as, "The World's Greatest Price Wrecker", "No High Store Rent", "No High Operating Cost", "Carload Lots", "Champion Price Cutter", and many other similar phrases.

Price advertising, which dominated the advertising pages of the early operators, was one of the distinguishing characteristics which paved the way for the growth of the supermarket, a custom which has been carried over to the present day.

### Definition

Simply defined, "Advertising is that division of the promotion effort that reaches out beyond the store. It informs, arouses interest, invites and otherwise attempts to favorably influence customers and potential customers."<sup>42</sup>

In a competitive market, it is very difficult to attract new customers and to hold their patronage without some sort of advertising.

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<sup>41</sup>Brown and Davidson, Loc. Cit.

<sup>42</sup>Zimmerman, M. M., "The Changing Times", Super Market Merchandising, June, 1954, p. 168.

Therefore, it would seem that the major problem facing the food retailer is not whether to advertise, but rather to learn how to use this force more effectively.

### Over-All Objectives

Advertising by itself cannot be considered a catholicon to a business. It is instead a tool that management should use as effectively as possible to attract favorable consumer reaction. Advertising can be used to:<sup>43</sup>

1. Increase the use of a product.
  - a. Increase the frequency of its use.
  - b. Increase the variety of uses.
  - c. Increase the units of purchase
  - d. Increase the lengths of the buying season.
2. Attract the new generation.
3. Present a special merchandise offer.
4. Bring a family of products together.
5. Make known the organization behind a product.
6. Help render a public service.
7. Dispel wrong impressions.
8. Meet substitution.
9. Reach the person who influences the purchasers.
10. Secure acceptance for a subordinate product or process.
11. To increase the strength of the entire industry.

### Limitations to the Use of Advertising

While advertising is a very valuable sales tool, there are some things which it cannot do, or at least accomplish at a reasonable cost.

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<sup>43</sup>Kleppner, Otto, Advertising Procedure, Prentice-Hall, Inc., New York, 4th Edition, 1950, p. 708

1. It will not sell merchandise to consumers who do not possess a latent desire for the advertised item.
2. It cannot compensate entirely for a poor store location, unattractive or poorly trained personnel.
3. Advertising cannot be used sporadically; it must be continuously employed.
4. It cannot compensate for human shortsightedness
  - a. Incorrect timing
  - b. Lack of backing of every department of the store.

### Purpose in Advertising

There is no single reason why a company advertises, there is instead a number of underlying reasons, each interdependent on the other.<sup>44</sup>

1. To build a reputation for their stores - a chain must "sell" their stores as a place to trade before they can sell the merchandise. This is necessarily true because people will not often buy in stores with which they are unfamiliar or in which they have no confidence. Neither attractive merchandise nor low prices will lure large numbers of people into a store to buy unless they know the store and have faith in its offerings. On the other hand, people will go far out of their way to patronize a store in whose policies, merchandise and services they believe. The mission of advertising is to give prospective buyers sound reasons why they should patronize their store in preference to the numerous other stores that are bidding for their business.
2. To increase the customer traffic and the sales volume of the store - When advertising is intelligently employed to promote the sale of timely, desirable merchandise, it is a powerful force in increasing the sales volume of a store. In no other way can a store inform so many prospective buyers in such a short period of time, at such a reasonable cost about the uses, benefits and superior features of the store's merchandise and services.
3. To increase the net profit of the store. Intelligently planned, well-prepared advertising helps a well-managed store to increase its net profit in either one of two ways:

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<sup>44</sup>Edwards and Howard, Retail Advertising and Sales Promotion, Prentice-Hall, Inc., 1949, p. 5-12.

- a. by securing increased sales at a decreasing total expense percentage.
- b. by speeding turnover, thereby enabling the store to increase its sales without a corresponding increase in the size of its average stock.

4. To stabilize the sales volume of the store. Regular frequent advertising helps to insure a more loyal clientele and a more continuous, even flow of sales by keeping the store's name, location, merchandise, and services before the public.

5. Other valid reasons

- a. Makes retailing less of a gamble.
- b. Builds sales on non-advertised items.
- c. Gives backing to nationally advertised goods.

### What To Advertise

#### Select the Item

An objective of advertising is to get people into the store and to sell them the advertised goods and at the same time to expose them to other merchandise. So that this objective can be accomplished, the answer to the following question is of great importance. What can be depended upon to attract the attention of the most people and to create a desire, first to visit the store, and secondly to purchase the advertised item? Experience and logic suggest that it is wise to select items which have a popular appeal, are priced reasonably, possess distinct characteristics, and, above all, are in demand by the clientele of the store.

In addition to the need for selecting the right item, it is important that a sufficient quantity of these advertised items be on hand to meet customer demand. Customers react quickly and unfavorably to an "out of stock" condition of featured merchandise. They view this situation as an attempt to "put something over" on them and consider the advertisement as false and misleading.

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### Tie-In Advertising

In an effort to present their merchandise to the consuming public, many manufacturers are currently advertising their products on a national scale. The channels of communication utilized in conveying this advertising to the public are: magazines, radio, direct mail, television, and local newspapers. These media of communication reach practically every community in the United States. Modern food chains, realizing that such effort on the part of the manufacturer materially aids in "pre-selling" specific lines of merchandise, are effectively tying-in their advertising programs to take advantage of this additional "sales booster".

There are many opportunities for retailers to tie-in their advertising programs in this respect. Merchandise selected for weekly presentation may be emphasized by advertising in conjunction with manufacturer's sales campaigns. Articles featured in women's magazines or other periodicals provide valuable supplements to a regular store advertising program. Tie-in advertising is especially effective during the holiday seasons. At this time, every imaginable product pertaining to the particular season is promoted. Advertising effort and merchandising techniques employed by the manufacturer in this respect, undoubtedly stimulates interest, which in turn creates the desire to buy a particular product.

### Store Personality

In the past, except for slight variations in layout and the name of the company itself, there was little to distinguish one store from another. Attempting to overcome this single "mass personality" many food chains are currently striving for distinctiveness by incorporating innovations, special services, or unique store policies into their

over-all operation. For example, one eastern chain is installing in all its markets a "Food-O-Mat". Although designed primarily as a merchandising technique, the "mat" has become part of the store's personality. This same chain is using a unique store layout plan that patterns its aisles in a fan-like arrangement. Other chains institute their own designs and unique store policies or services that make them distinctive. Wiring and selling money orders providing facilities for paying utility bills and telephone bills, are a few of the many services offered. Drawing attention to a store's personality can be accomplished by effectively advertising these distinctive features and special services.

#### When To Advertise

##### Continuity

To be most effective, advertising must have continuity. Infrequent, irregular advertising is insufficient to win new customers or to retain the interest of the regular clientele. The housewife is being appealed to by many advertisers through every conceivable media. Sporadic or unsystematic advertising cannot effectively cope with advertisers who constantly bring their merchandise and services to the attention of the consumer.

Competitors in food retailing are vitally interested in attracting new customers while at the same time retaining the patronage of their regular customers. Therefore, a systematic advertising program should be designed to keep the merchandise, services, and name of the company constantly before the public. This may be accomplished by utilizing select channels of communication.

### Customer Consideration

With the growing concentration of sales on weekends, effective advertising must be scheduled to "break" in conjunction with these peak periods. In an effort to eliminate weekend congestion, many food companies are currently scheduling early week advertising programs. In some instances, this practice has shown favorable results. In others, this affect has been questionable. Advertising programs must take the customer into consideration. Factors which should be considered are:

1. Local pay periods.
2. Eating habits.
3. Income level of community.
4. Nationality.
5. Average age level.

The following surveys indicate a variance in customer shopping habits.

#### Days of the Week Women Shop for Their Big Food Order<sup>45</sup>

Monday	9.6%
Tuesday	8.6%
Wednesday	6.8%
Thursday	8.9%
Friday	31.4%
Saturday	34.7%

However, this breakdown may differ in specific areas.<sup>46</sup>

Monday	2.5%
Tuesday	6.0%
Wednesday	14.0%
Thursday	22.0%
Friday	6.5%
Saturday	25.5%

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<sup>45</sup>Survey taken from cross section of many hundreds of women all over the country. "How We shop for Groceries," Batton, Barton, Durstine and Osborne, Food Staff presentation No. 14.

<sup>46</sup>A survey conducted in a small town. Survey by Phillip Burton, Professor, School of Journalism, Syracuse University.

### Holidays and Special Events

Holidays and special events are of particular importance in the food business. Sales increases during these periods provide an incentive for the development of concentrated promotional effort. Besides the additional volume and profit derived from these promotions, an added advantage is the stimulation given to the shopper. Through varied presentation, consumer interest is aroused and the shopping tour may become an interesting event rather than a monotonous chore. Advertising directed toward promoting these special sales, helps attract additional customers with a resultant increase in volume. The final success of these efforts, no matter how well the advertising campaign may be planned, depends upon the coordination received from the personnel and departments of the entire store. The store manager must be informed of all plans in order to assure adequate preparation. Sufficient stock must be obtained to supply the increased demand for special products during these promotions.

### Long Range Value

The long range value of a continuous advertising program can be stated:

Advertising has long-run impacts as well as the short-run effects we have discussed so far. All advertising has in some degree a delayed and cumulative result that gives it the characteristics of an investment outlay. Moreover, the goal of advertising in many firms is not to maximize short-run profits but, rather, to attain broad strategic advantages in market position and security that contribute to long-run profit maximization.<sup>47</sup>

## How to Advertise

Points to Consider1. Gear the store to the market

- a. Principal occupation of the people appealed to.
- b. Nationality of the people.

2. Determine existing competitive situation. It is impossible to operate a food store in a vacuum. The management should be aware of competition and should attempt to rectify or compensate for any competitive disadvantage or other factors which are detrimental to the operation. In any case, advertising should stress the superiority of merchandising service, facility, policy, or convenience that the store offers to its customers.

3. Work out a suitable customer approach. Be distinctive: the advertising department can do this in many ways:<sup>48</sup>

- a. "Type and style of written copy, and by illustrations.
- b. Physical appearance of the advertisement
- c. Surveys - In response to a survey it was determined that the customer desired:
  - (1) Suggestions on what to serve.
  - (2) Information on how to serve it.
  - (3) Information on new products.
  - (4) Information on best food buys of the week."

4. Follow through in the store. Do this with displays, samples and other point of sale merchandising. Having enough merchandise on hand, cannot be overemphasized. Interesting, truthful advertising that features desirable merchandise can attract people to the store, but advertising cannot close a sale without cooperation from the other selling departments of the store. Messy displays, untidy selling areas, and indifferent clerks can nullify the effect of good advertising.

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<sup>48</sup>McLaughlin, John B., "New Approaches to Advertising," Removing the Roadblock to Greater Productivity, Supermarket Institute, Chicago, 1955, p. 76.

5. Display related items. See Chapter VI, "Displays."

### Where To Advertise

Choosing methods and media for advertising is not a simple chore in this day of mass communication.

### Advertising Media

- Newspapers - daily, Sunday, weekly
- Magazines - general, women's, farm, trade papers, etc.
- Radio - national hookup, local, spot
- Outdoor - posters, painted bulletins, spectaculars
- Television
- Road Signs
- Shopping News
- Car Cards
- Telephone Directory
- Direct mail
- Movie Trailers and slides
- Souvenirs and premiums
- Handbills

### Selling Helps

These are aids to selling in the store, usually prepared by manufacturers, or distributed by the home office:

- Floor demonstration materials
- Samples and free goods
- Manufacturer's folders and inserts
- Catalogues
- Selling and service literature
- Bonuses or prizes for outstanding sales achievement
- Price lists and internal publications

### Display Material

It draws attention to the individual store:

- Window displays
- Floor and end displays
- etc.

### Newspaper

This medium constitutes the backbone of food store advertising.

And for good reason:

Although many media are available to advertisers, the newspaper continues to remain the most powerful selling force. There are 13,994 newspapers in the United States and Canada. Of these, 2,080 are published daily, and 11,873 are published weekly, semi-weekly and tri-weekly. The rest are miscellaneous. Of the homes in the United States, 93 per cent are reached by the 42,385,807 circulation of the daily newspapers.<sup>49</sup>

One-page ads, two-page ads, and even entire sections are taken over in metropolitan dailies at least one day a week by large operators. Heavy volume local chains which have city-wide saturation also use space liberally in daily newspapers. Smaller operators usually confine their newspaper ads to fractions of a page, often buying reprints of the ad to be used as handbills or mailing sheets.

#### Advantages of Newspaper Advertising

1. Broad coverage
2. Cost per reader is reasonable
3. Customers expect advertising
4. Speed and flexibility in use
5. Gives opportunity for continuous promotion
6. Allows for rapid check on results
7. Newspapers will provide helpful information

#### Limitations of Newspaper Advertising<sup>50</sup>

1. Waste circulation - Every newspaper has a certain amount of circulation in areas so remote from trading centers that its advertising is of little or no value to the retailer.
2. Hours of circulation - The hours of circulation play an important part in determining the worth of each newspaper as a medium.
3. Duplication - The circulations of morning and evening newspapers overlap considerably.

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<sup>49</sup>Edwards and Howard, op. cit., p. 385.

<sup>50</sup>Ibid., pp. 392-394.

4. Short life - The life of the newspaper, compared to that of most magazines, is relatively short.
5. Competition of advertising - "Competition of advertising" refers to the appearance of several retail stores' advertising on succeeding pages of the newspaper, all attempting to interest the reader in merchandise of a similar nature.
6. Quality of reproduction - The coarseness of the paper on which the newspaper is printed is, from the advertiser's point of view, a distinct limitation.

## Radio

Seldom is the radio the primary advertising medium for food stores, but it can be a most effective supplementary force for both large and small chains. Like the newspaper, radio offers a relatively inexpensive and prompt means of reaching large numbers of people. A favorable factor for radio is the power of sound and particularly the potentialities of the human voice appeal in dramatizing and in stimulating emotional responses among its listeners. The message is alive, and it can be made warm and personal when received by the customer. The flexibility of radio offers advantages in that last minute changes can be made, thus permitting timely market announcements and specials in the various departments for a particular day. The short spot announcement can be a powerful sales builder.

### Advantages of Radio Advertising

1. Relatively inexpensive because of the large number reached.
2. The use of sound can dramatize.
3. It can be heard while at work or leisure.
4. The message is alive and can be warm and personal.
5. Flexibility, in making changes.

### Limitations of Radio Advertising

1. It is perishable; sound cannot be gone over or re-examined.



2. Appeals to only one sense--hearing.
3. Size of listening audience is difficult to determine.
4. Waste coverage is restricting.

### Television

Though widely used by food and other product manufacturers, television is not as extensively used by retail firms as are newspapers and radio. The great popularity of television lies in its demonstration value. A product can be demonstrated in its finished form "through" this visual and audio media. Because it appeals to the sense of hearing and sight, the impact of this medium can be very impressive.

The limiting factor on television is the relatively high cost and limited time available to local advertisers. Small companies are in no position to compete with national advertisers, who can afford the best hours and the best programs for capturing the greatest listening audience.

### Direct Mail

Direct mail can be, and has been used very successfully. "Mail advertising, especially, is a valuable form of direct advertising, both as a producer of immediate sales and as a builder of goodwill."<sup>51</sup>

#### Advantages of Direct Mail Advertising

1. Circulation can be limited to customers and potential customers.
2. Competition for readers attention may not be as great as most other media.

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<sup>51</sup>Ibid., P. 408.

3. It can be very personal.

This media seems expensive when considered in terms of cost per contact, but it should be remembered that the cost of advertising must be measured by results. Very rewarding results are achieved by mailing advertising literature directly to regular store patrons or likely prospects.

#### Checklist on Available Media

The advertiser must recognize or pick out of all their different media those which will serve him best. The following is a list of comments prepared on some of the various media available:<sup>52</sup>

<u>Publication Media</u>	<u>Advantages</u>	<u>Disadvantages</u>
1. Athletic programs	Minor publicity value, good will gesture	Doesn't build direct sales
2. Church bulletins	Same	Same
3. Community Newspaper	Good results for local stores	Sometimes regarded as "handbills"
4. Company houseorgan	Minor publicity value, good will gesture	Doesn't build direct sales
5. City-wide daily newspaper	Most accepted media for consumer advertising. Less cost per reader	Much waste circulation for neighborhood retailer
6. Fraternal magazines	Minor publicity value, goodwill gesture	Doesn't build direct sales
7. School papers	Goodwill gesture	Doesn't hit customers

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<sup>52</sup>Burton, Phillip W., Retail Advertising for the Small Store, Prentice-Hall, New York, 1951, pp. 86-88.

	<u>Advantages</u>	<u>Disadvantages</u>
8. Shopping news	Persons who read are in shopping mood. Delivered to area in which advertiser is interested.	Uncertainty as to reading of such papers. Not wholly suitable for items stressing exclusiveness.
9. Telephone directory	Inexpensive reminder, a real help to shopper	
10. Weekly newspaper	Read very intensively often only media available	Inconvenient for retailer who likes business spread throughout week.

Outside Media (display and sound)

1. Athletic scoreboards	Good reminder	No direct sales value
2. Motion pictures	Get full attention, do good sales job for items needing demonstration.	Limited number of availabilities
3. Outdoor advertising 24 sheet posters	Size gives important day long reminder	Expensive, limited copy message.
3 sheet papers	Valuable point of sale reminder	Limited copy message
painted walls	Same as above only more permanent	Expensive
4. Radio	Big audience, good reputation, persuasiveness of human voice	Inability to picture goods, waste circulation, soon forgotten
5. Signs	Good reminder value	No direct sales value
6. Sound truck	Builds excitement for merchandising event	Causes much ill-will
7. Street banners	Lends excitement and importance to event	No direct sales value
8. Telephone solicitations	Provides personal tie-in with stores advertising	Might be viewed as "pressure" promotions

	<u>Advantages</u>	<u>Disadvantages</u>
9. Theatre curtains	Reminder advertising	No direct sales value
10. Transit advertising	Read on way to shopping centers, inexpensive	No direct sales value, difficult reading conditions.

### Outside Media (distribution)

1. Boxes and cartons	Constant reminder to customer of services and goods	No direct sales value
2. Direct mail-letters	Timely and inexpensive, selective	Difficult sometimes to get and keep mailing list
Broad sides	Give smash effect making it seem important	Expensive
Catalogs	Sell many items and retained for long time	Expensive
3. Handbills	Inexpensive, often only way to reach local market	Much waste, irritate many persons.
4. Novelties	Strong reminder and goodwill value	Sometimes expensive for amount of goodwill created
5. Package insets	Build additional sales at very low cost	Often overlooked
6. Price tags	Inexpensive reminder	No direct sales value
7. Wrapping paper	One more place for reminder advertising	No direct sales value

### Inside Media (display)

1. Interior display	Pushes sales at most important place	Can become cluttered if not chosen right
2. Public address	Helpful in pushing merchandise and departments	Sometimes creates bargain basement atmosphere

	<u>Advantages</u>	<u>Disadvantages</u>
3. Window display	Attract shoppers who have not seen advertising	Can actually repel business if out of date

#### Inside Media (distribution)

1. Leaflets	Inexpensive way to push certain lines	Often "cheap" looking unless well planned.
2. Manufacturer's material	Inexpensive way to build additional sales	Same

#### Objectives of Good Advertising

In terms of specific qualities, an advertisement should:

1. Secure attention
2. Arouse interest
3. Create a desire
4. Invite action

#### Secure Attention

The reader's attention must be captured or the message will never have the opportunity to do its work. The attention producing stimulants must be interesting and relevant to the message. In the printed advertisement, attention is won through the skillful use of:<sup>53</sup>

1. Illustration
2. Type Units:
  - a. Headline (and subheads, if used)
  - b. Price
  - c. Copy blocks
  - d. Signature cut
3. White space

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<sup>53</sup> Edwards and Howard, op. cit., p. 273.

4. Rules and boxes

5. Border

### Arouse Interest

The carefully designed advertisement does more than gain initial attention; it sustains that attention and develops interest. To this end the advertising specialist first employs mechanical means. Borders are designed to fence in one's vision, and lines, color layout arrangement, are utilized to guide and lend the eye along the desired path. By means of headlines, copy and illustrations, visual images are created and pleasant associations are stimulated. The degree of interest is also influenced by the timeliness of the basic theme, or the merchandise advertised; as related to the season, weather, current happenings and receptiveness of the audience at the time the message makes contact.

### Create a Desire

Desire is intensified interest plus consideration in a personal way. To effectively create desire advertising must establish confidence and belief. Therefore, it must be truthful and convincing. Truthfulness should be stressed because:

1. False or misleading advertising is unlawful.
2. Advertising must retain customer confidence for patronage loyalty.
3. If a customer is not satisfied with a single purchase, it may destroy all previous faith.

### Incite Action

Effective advertising invites and encourages action. This stimulus may be incited through suggestion or added impetus by setting a time limit or mentioning the supply if it is expected that demand will exceed supply.

### Summary

Advertising is one of the tools which can successfully gain new customers and retain loyal patronage. Repetition is the keynote of this tool. As any other tool--advertising has limitations. One of these limitations is the inability to determine the actual amount of return for each dollar spent.

Large sums of money are spent each year on advertising foods and other products sold in retail food stores. Advertising is an important part of the total job of food store operation, since its primary function is to attract customers to the store and to encourage them to buy as much of the goods on sale as they require. Various media, including newspapers, radio, television, and throw away literature are used extensively by chains and other good retailers to get an advertising message to their customers. When properly adjusted to the job at hand, and when properly executed at the point of sale by the store manager, advertising can aid in turning a profitable volume of food.

## CHAPTER VI

### DISPLAYS

#### Introduction

The thought that self-service operations have removed the opportunity to sell each and every item in the store is difficult to accept. **For in reality** the advent of self-service has increased the opportunity for selling within the store. As in the case of the service store, the clerk was able to exert personal selling, only upon the particular customer he happened to be waiting on. Self-service has made it possible for many products to sell themselves. With the development of self-service merchandising the display of merchandise has become increasingly important. It has been found that the merchandise itself is an effective salesman; packages and labels are designed for self-selling, and if handled properly, will do the sales job.

#### Shelf Displays

The first and foremost form of display is often not even considered as such by many managers. By this form is meant the utilization of every shelf in the store. Although most store managers consider or assume displays to mean merchandise arranged artistically, they seem to forget that their shelves are by far the most important form of display that they have at their disposal.

When one considers the fact that only 5 per cent of the total store sales<sup>54</sup> are the result of special displays, one can then visualize

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<sup>54</sup> "Why Special Display?", Chain Store Age, February, 1955, p. 76.





the tremendous importance that should be placed on the shelf stock, which constitutes the bulk of the selling area.

There are several principles which if followed, will greatly aid self-selling of merchandise from the shelves:

1. Arrange stock so that it can be seen. Merchandise placed on the shelf should be displayed in a vertical arrangement with all labels facing out, toward the customer. This procedure is desirable for ease of the customer in locating and selecting the item. Merchandise selected for display at eye level should be highly profitable, a "fast mover", or an item which lends itself to "impulse" sales. The width, or the number of facings allowed each item will be greatly influenced by; sales appeal, size of the item, depth of the shelf, and the square footage of the shelf area of the store concerned.

2. Arrange stock so that it can be reached. This pertains mainly to stocking the top shelf. It must be remembered that the average woman is only five feet six inches tall. Every effort should be made to keep the merchandise on the top shelf low enough so that it is within her reach. This procedure not only facilitates the customer's ease of shopping, but improves the appearance of the entire store.

3. Arrange stock neatly. Items should be dusted at regular intervals. Soiled and unattractive merchandise should be removed from the shelf and marked down for quick sale. Loosened labels on saleable merchandise should be refixed; labelless cans should be identified, marked down and displayed separately.

4. Keep shelves well stocked. Mass effect and well stocked shelves sell merchandise. This is the idea that it takes mass to sell mass.

5. Display for demand and profit. Give the best location and most space to profitable, fast selling, private label and advertised items. The converse of this is to see that unprofitable and slow moving items receive a minimum of space.

6. Pricing. Prices must be right at all times. There is a tendency for managers, when price lists are received, to make immediate price changes on items which advanced, but seem to neglect price reductions. Advances and reductions must be made on all merchandise affected, commensurate with the effective date for the price change. When making price changes, clerks should be aware of the importance in revising the price tags on the moulding to conform to the new price --one of the very basic prerequisites of selling merchandise is to have the RIGHT PRICE, for the item, at the RIGHT TIME. Failure to comply with company pricing policies may lose sales and jeopardize the stores competitive position.

7. Keep shelf locations as fixed as possible. Customers become accustomed to finding items in certain locations, so changes should be kept within department units.

8. Rotate stock. Movement of old items from the rear to the front of the shelf when replenishing expended stock, will assure compliance with the "first in, first out" philosophy of merchandising. Rotation reduces the threat of accumulating old stock, and will insure the maintenance of a maximum amount of fresh stock on the shelf, at any one time.

Merchandise properly arranged on the shelves form the background of all good interior display. Special displays, however, on counters, ends of gondolas, aisles, bascart, shelf extenders that are located

throughout the store, take a preferential position so that they may draw the customer's attention to the selected merchandise.

### Special Displays

A customer's attention will be focused to one or more special displays of merchandise from the time she enters the store until she has passed through the "checkout," if the displays are effective and properly located.

The eye may be attracted by novelty, motion, emotion, beauty and so on. The danger is that the attention of the spectators may be so concentrated on the eye appeal feature that the sales message is overlooked. The display that attracts the largest crowds is not necessarily the best selling display.<sup>55</sup>

One should not be led to believe that attention arousing displays are ineffectual. Such a misconception should not exist. Special displays must attract attention, but without overstressing this need at the expense of obscuring other essential requisites of a good display.

A valid sales idea is the starting point for all display planning. For convenient reference, suggestions are listed below as a guide in selecting display emphasis, whether planning a single unit or a season's campaign.<sup>56</sup>

#### Devices for gaining attention:

1. Using beauty, and good taste, and where appropriate color.
2. Using bizarre and spectacular effects in color.
3. Using "poster style" color and design, where appropriate.
4. Using life-size figures--human interest.
5. Showing produce or package in giant size.
6. Creating mass-display effect with actual or facsimile packages.

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<sup>55</sup>"Establishing and Operating a Grocery Store," United States Department of Commerce, Washington 25, D. C., Industrial (Small Business) Series No. 21. p. 216.

<sup>56</sup>Ibid., pp. 221-223

7. Giving the product human qualities.
8. Featuring a "trade character."
9. Using cartoons to attract attention.
10. Commanding attention by means of animal figures.
11. Using "balloons" to feature conversational copy.
12. Featuring a trade-mark, a slogan, a testimonial.
13. Using the "third dimension" effect for attention.

Featuring manufacturing aspects:

14. Showing where the product is made
15. Showing what the product is made of.
16. Explaining how the product is made.

Featuring the product itself:

17. Presenting actual product or package in display.
18. Showing product or package by reproduction.
19. Showing full line of products--actual or reproduced.
20. Featuring new package--perhaps compared with old.

Featuring the product in use:

21. Illustrating the product in use.
22. Product in use in conjunction with other products.
23. Illustrating "How to Use" features.
24. Illustrating the variety of uses of a product.
25. Illustrating results--"Before and After" using.
26. Dramatizing costs of operation of product.

Featuring the selling aspects:

27. Power of suggestion--illustrating product in process of a sale.
28. Demonstrating the product.
29. Using display to supplement work of demonstrators.
30. Listing or summarizing sales argument.
31. Dramatizing or high-spotting a single sales point.
32. Selling the product with its accessories.
33. Selling the product in conjunction with allied products.
34. Promoting full line selling.
35. Increasing the unit of sale.

Helping the consumer:

36. Helping consumers to make correct selection.
37. Permitting consumers to handle materials or produce.
38. Giving consumer something to do--action related to the product.
39. Giving consumer something to do--action not related to the product.
40. Dispensing samples.
41. Dispensing receipts or direction booklets.
42. Dispensing coupons or contest literature.

- 43. Dispensing advertising or educational material.
- 44. Floor, wall, or counter display as a product dispenser.

#### Helping the store:

- 45. Helping approve appearance of store.
- 46. Provide background suitable for different seasons or products.
- 47. Helping to service customers.
- 48. Showing prices of various products or services.
- 49. Related items--helping to sell other products in stock.
- 50. Creating a department--featuring a family of products.
- 51. Co-operative selling plan--two or more manufacturers joining.

Although some display are planned at the headquarter merchandising departments, a survey disclosed that in about 60 per cent<sup>57</sup> of the companies, displays are left to the discretion of the store manager.

Whether or not a manager has the responsibility for planning, arranging, selecting a location, or building a display, he should possess the knowledge of at least their basic concepts.

#### The Why of Special Display

Displays can be considered a tool. Much in the same way a carpenter relies on a hammer, when building a home. The hammer has many uses; it can be used to drive nails into wood, it can be used to flatten objects, pull out bent nails and to perform other functions as well. Displays serve many useful purposes also. Although certain managers and executives may consider displays as a means of building sales volume, others will have a different aim, or perhaps a combination of aims. Of those considered there are at least twenty reasons<sup>58</sup> worthy of mention.

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<sup>57</sup>"Why Special Display?" loc. cit., p. 76.

<sup>58</sup>Ibid, p. 78.

1. Boost sales of logically related items.
2. Increase sales of seasonal item.
3. Focus customers' attention on a particular department.
4. Up sales of profitable items.
5. Create an atmosphere of price.
6. Stimulate sales of impulse merchandise.
7. Associate the store with well-known brands.
8. Build up customer interest by dressing up the store.
9. Capitalize on new trends.
10. Stimulate buying by creating a seasonal atmosphere.
11. Change customer traffic patterns.
12. Increase sales of staples by building up special interest in them.
13. Make the customer want to return to the store frequently by making her shopping interesting and exciting.
14. Expose customers to new items.
15. Take advantage of producer promotion to stimulate sales of particular products.
16. Increase sales of slower moving merchandise.
17. Give store personnel a chance to exercise their creative talents.
18. Develop community themes.
19. Create customer interest in a store opening.
20. Enable the store to clear out merchandise on which the price is slipping or demand is dropping.

### When to Display

Proper timing is an essential element of a good display. To exploit this principle, a display should be planned well in advance of the desired date, and should incorporate a theme which is relevant to

the day or period considered; reflects a special event or holiday; will capitalize on local buying habits; is tied in with local or national advertising campaigns; or develops a desired store personality. So that a manager may comply with these principles he should:

1. Consider the importance of payroll dates. Feature expensive and non-essential items. On off weekend days feature essential staples.
2. Consider the company's and manufacturer's advertising schedule. If customers interest is aroused in advertised items, displays of such items will yield good results.
3. Account for local buying habits.
4. Consider the price factors in relation to market conditions.
5. Give more attention and stress to holidays and special events.

In fact, it may be well to build holiday event displays a little ahead of the occasion.

### Seasonal Merchandising

Much of the effectiveness of the store manager lies in his ability to change his merchandising themes in accordance with the seasons. With the change in seasons there is a change in living and eating habits. These variances in human action should be catered to. Emphasis should be placed on the appeal most logical for the particular period of the year. The four seasons present a challenge of the initiative and ingenuity that a manager can creatively present to his customers. Original and impressive displays reflecting popular consumer "motifs" will stimulate sales, vary the atmosphere of the store, and will make the supermarket a more impressive place to shop.



### Spring Merchandising

The arrival of spring brings marked changes to all departments of a supermarket, because of the many new items that become plentiful, or are requested at this time of the year. Displaying and stocking of spring merchandise necessitates a slight readjustment. Some winter merchandise must be reshuffled and their space allocation reduced to allow display space for new or more popular spring selling items. Spring suggests warmer weather and housecleaning to people who are tired of cold weather and feel the need to sweep out the old season. A spring housecleaning sale is very effective at this time and ties in nicely with the change of spirit. Garden tools, sprinklers, hoses and dusting powder are stocked in many supermarkets to augment displays of seeds, bushes, plants and bulbs. Auto polishes, cleaners, waxes and other cleaning supplies are popular items this time of the year. Spring is also the last chance to really pile out the staple merchandise and to capitalize on bigger appetites before the arrival of warmer weather.

### Summer Merchandising

The approach to top volume sales during summer months lies in a merchandiser's ability to change merchandising habits to be in tone with the housewife's interest in convenience goods, cool-to-cook and eat meals, and outdoor picnic and barbecue favorites.<sup>59</sup> Summer calls for a picnic supply headquarters to be set up in a "hot spot" of the store. Picnic supplies average about 25% markup and will sell if properly promoted. A canning-freezing supply headquarters should be set

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<sup>59</sup>Lewis, John E., "The Paper Department Store: High Profit and High Volume, "Progressive Grocer, Vol. 34, No. 5, May, 1955, p. 68.

up for the home canners and freezers. A massive sugar display could be included for volume. Summer is the season for picnics; olives, pickles, relishes, and other high profit specialty items will be in demand. The summer holidays can easily carry the load for the bakery by the increased demand for hot dog and hamburg buns. Other summer sleepers to be promoted are work gloves, sponges, baby lotions, suntan oil, foot powders and other related items that usually carry a high markup. Soft drinks and beer displays should be greatly increased on the selling power of their peak season and advertising.

It must be admitted that the summer will bring smaller appetites and a tendency for volume to fall off, (in non-resort areas) but, with proper displays of the right items, there is no need for profits to dwindle. Summer is the ideal time to promote the high profit, seasonal appealing items.

### Fall Merchandising

Fall is the period to get back on the big volume wagon with dollar, half-case, and case sales. The temperature is cooling off and the children are preparing for school. This is an excellent time to merchandise the "Back to school" theme by building supplemental stationery and school supply displays, and bread and pastry displays, to capitalize on the potential in baked goods and school needs. The housewives are in the housecleaning mood the ready to sweep out the summer sand. Dad is thinking about getting the last coat of wax on the car and putting in antifreeze. Fall is also harvest time, and emphasis should be placed on food harvest sales. Displays representing these events should be spot-lighted.



### Winter Merchandising

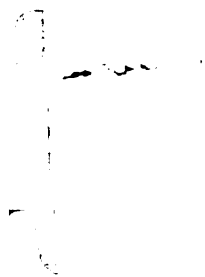
The winter period is an all-important season. Some of the more prominent holidays, Christmas and New Years, high-light the merchandising efforts of the store manager. Decorations, carefully selected, simply and attractively arranged will reflect the holiday spirit. Hot meals and normally the planned menus for this period. Displays suggesting breakfasts of pancakes, waffles, eggs and bacon or ham, hot cereals and beverages are excellent promotions. Housewives also devote more time to cooking elaborate meals and to baking pastry. Suggestive displays stressing complete meals and a variety of baking receipes should arouse the interest and stimulate the purchase of such items. Hand lotions, cough medicines, and cold remedies or preventatives are also worthy of additonal merchandising effort. Proper planning, scheduling, and selection of displays and other merchandising ideas of the manager will stimulate additional customer purchases and should make a more profitable store operation.

### Holiday and Special Event Merchandising

Few people realize the amount of work and planning that is normally required to prepare for a holiday or special event, merchandising campaign.

Top level merchandisers, buyers, and advertisers have devoted their talent and creative ability into effectively coordinating and developing store merchandising programs. These plans based on original and/or tested ideas are disseminated to supermarkets where they are ultimately employed and consummated.

Displays are placed in the right place at the right time, not by mere chance, but because the manager has over a period of years



acquired the necessary skill and experience which is so very essential in the application of merchandising principles. Guidance and informative literature provided by the headquarters departments, has also tended to influence and mold the managers merchandising concepts.

The store manager is usually made cognizant of Holidays and Special Events. Dates, suggested displays, promotion supplies, campaign themes and banners are normally distributed in advance of the dated event. Augmented with these aids, the manager can more effectively conduct his promotional activities.

To provide a guide for the store manager, a merchandising calendar of special days and weeks is included in Appendix E, page 136. Following each monthly calendar, suggestions are offered which may be of value in stimulating merchandising ideas to meet the seasonal patterns of events.

### Where to Display

The store manager when attempting to decide on a specific location for a display, may at some time be confronted with the question, "Where shall I put this display?" There is no rule which can be applied for all displays, but, the store manager should take into account some of the following points:

1. Customer traffic patterns. Each store manager can determine the heavy traffic areas by observation of customer shopping behavior and habits.

2. Experiment. Although areas may indicate heavy traffic, the manager may by the trial and error method determine the best locations for specific types of merchandise.

3. Experience. There are a limited number of areas available for displays. Past experience of the store manager will dictate to a limited degree the type and location of specific items that should be displayed in the available areas.

4. Atmosphere. If a general store theme is being promoted, displays should be situated in a manner that will attract the attention of all shoppers. Preferably, indications of such an affair should be impressionistic, upon entrance into the store, and continued throughout the store.

5. Departmental displays, are normally placed within or near the department of the major item displayed. In some instances the major item can be tied into a display of items spotlighting other related departmental items in areas other than in the immediate vicinity of its department. This again depends on the managers own familiarity of the customer's shopping behavior and habits, and upon the relative importance he may place upon the display area, in relation to the overall display plan.

6. Aisle Display. When displays are planned to be built in aisles of the store, the manager should first realize that customer shopping space is being reduced. During peak periods, such displays may funnel traffic at a slower rate, or may even result in traffic tie ups. Aisle displays can be effective. When the fine points are analyzed, the basic rule that displays are located where the merchandise sells best, still holds as the key factor in locating special displays.

## How to Display

Massive appearance, eye catching qualities and signs that tell a story are the three basic elements of special display building.<sup>60</sup> Although basically interrelated they are of sufficient importance to be considered separately.

1. Mass. Mass displays are popular because most items lend themselves to this type of display. Such displays convey the "well stocked" appearance. This, in turn, has a dramatic quality that stops the customer and induces her to take a second look.

A good mass display should incorporate at least the following principles:

1. It should keep merchandise off the floor.
2. It should show plenty of merchandise.
3. It should have a price sign.
4. It should have a "talking sign."
5. It should be easy to reach.
6. It should suggest buying with a "starter gap."<sup>61</sup>
7. It should have color appeal.
8. It should have eye appeal.

2. Eye catching qualities. Before an item can be sold, the customer must first be drawn to it. It must have an appeal. Psychologists tell us that all of our impressions are secured through five senses: touch, sight, smell, taste, and hearing. In store arrangement and merchandising, however, touch and sight are by all odds the two

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<sup>60</sup>"How Special Displays?" Chain Store Age, February, 1955, p. 78.

<sup>61</sup>A few cans removed to give appearance of having been purchased from.



predominating senses. That is why "eye appeal is considered to be buy appeal." Therefore, when considering display techniques, a great deal of thought must be given to "eye catching" qualities.

Other techniques are:

1. Use of lights.
2. Iridescent colors.
3. Reflective colors.
4. Contrasting colors.
5. Moving gimmicks.
6. Streamers.
7. Originality.

3. Signs. Signs should be large enough to state the price, but small enough so that they do not hide the display. The sign could feature the price, sometimes indicating the old price, if the current price is lower, thereby indicating to the customer the actual savings realized by the purchase of the product. Signs can be descriptive, they can tell a story, suggest a theme, and arouse curiosity. But it must be remembered that our ultimate aim is to sell merchandise. Thus, the sign must be vividly displayed and effectively coordinated into the display scheme.

### How Various Displays Increased Sales

1. End displays. Single v multiple. In the old days of self-service merchandising, display efforts were nearly always confined to mass displays of single items. This invariably increased sales, but since this type of sale is not too interesting to the shopper, it never achieved the maximum sales possible in the feature spot. The trend is now toward multiple item display and for good reason. For example,

when one gallon of cider was given mass display by itself, sales were 34 jugs--or 209 per cent over normal.

To understand why there is the trend toward multiple item display, let's see how the same item--cider--made out when displayed alongside a popular brand of wafers. In this test, 85 units of  $\frac{1}{2}$  gallon cider were sold, compared with a normal shelf sale of 10 jugs. That's an increase of 750 per cent compared with a 209 per cent boost for cider when displayed alone. The wafers did exceptionally well too--showing a sales increase of 417 per cent. Both displays (single mass and related item) occupied the same amount of space. One sold 147 units--the other sold 34.<sup>62</sup>

See also Appendix D, Chart XI, page 131 for comparative sales of other items.

2. Shopping Cart Basket Displays. Bascart display selling is very popular in some chains. Some advantages in their favor are:

1. Takes very little time to build them. Just dump the items into the cart and affix a sign.
2. It is very mobile. Can be pushed to any desired area.
3. It is an effective salesman. Combined with a talking sign, and a jumble display, customers take notice.
4. Produces unbelievable results. A disadvantage, however, is that it may get into the customers way. Customers may also move the cart away from the desired area, into an insignificant corner.

For test results of bascart displays, refer to Appendix D, Chart XII, page 132.

3. Shelf Extenders. Provide an additional method for improving store displays. It is constructed out of plywood or wire, which extends the display area of conventional shelving. It may project into the aisle in varying lengths, depending on the need for space. Extenders can be wire baskets into which merchandise can be dumped, or neatly arranged. Extenders made out of plywood can normally support several

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<sup>62</sup>Food Store Merchandising, Progressive Grocer's Scrapbook of Merchandising Ideas.

levels of merchandise, if secured properly.

Test results of shelf extenders are listed in Appendix D, Chart XIII, page 133.

4. Shelf Space. The A. C. Nielsen research organization recently published some results of a continuing inquiry into the relative importance of product shelf space, or what constitutes effective allocation for a product. Nielsen concluded that, in a two brand situation, "a competitive advantage in shelf facings seems to increase the share of the two brand total by one-third, whereas a disadvantage seems to have approximately the same effect in the other direction."<sup>63</sup>

In the same test, when Brand A, the weaker brand in sales velocity, controlled four more facings than Brand B, Brand A accounted for 57.0 per cent of sales. When Brand B was allocated a four facing advantage, Brand A's share of sales fell off drastically to 17.2 per cent, a loss of 39.8 per cent in share of market as a direct result of the allocation of shelf space between the two brands.<sup>64</sup>

5. "Talking" Signs. Tests show that simple, effective talking signs increase end display sales as much as 73 per cent. Signs tie products together and give customers menu and shopping ideas.<sup>65</sup> See also Appendix D, Chart XIV, page 134 for further breakdown.

### Summary

Displays which provide point of purchase appeals are indeed an absolute essential in chain store merchandising operation. The basis

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<sup>63</sup>Peckham, James O., of A. C. Nielsen Company, "The Outlook for Grocery Marketing and Distribution," November 17, 1955.

<sup>64</sup>Ibid, Chart 16.

<sup>65</sup>Food Store Merchandising, loc. cit., p. 69.

for many functions conducted within the chain store organization consists of a consideration of how any particular plan or function will effect the company's merchandising operations. However, even the most elaborate store layouts, advertising schemes, and special price reductions will not serve to raise store potential above the average, unless these plans are effectively coordinated in a feature and point of purchase display.<sup>66</sup>

Each time a store manager contemplates a display he should ask himself the following questions:

1. Will it attract attention?
2. Will it arouse interest?
3. Will it excite desire?
4. Will it arouse caution?
5. Will it incite the customer to buy?

Displays accomplish these ends because they assist the customer in making up her mind and in making a selection, and because they appeal to impulse. Estimates on the number of purchases made on impulse vary from 38.4 per cent to over 65 per cent.<sup>67</sup> Hence, the point of sale factors become all important in achieving top sales volume.

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<sup>66</sup>Axelrod, Irving, Jr., Relationship of Store Displays to Advertising, NAFC Management Clinic on Advertising, and Sales Promotion, January, 1953, p. 18.

<sup>67</sup>Ibid., p. 18.

## CHAPTER VII

### CONCLUSION

Merchandising should be considered as one of the most important functions performed in a supermarket. Merchandising has been defined as "strategic action taken to sell the greatest quantity of products at a price that will produce maximum gross profit dollars. The yardsticks by which the success or failure of a supermarket's operation is measured, involves an evaluation of the sales volume and operating profit of the store. Since merchandising is one of the key functions in the attainment of these aims, its significance and importance cannot be over-emphasized.

One of the most important duties of the modern supermarket manager is the coordination and direction of his store. He must be a versatile individual capable of coping with the vast array of problems involved in a supermarket's operation. This modern manager should no longer be considered a clerk, but instead should be looked upon as an executive. He performs the functions of a personnel director, operations chief, and public relations representative for the store. Chief among his responsibilities, however, is the formulation, direction, and execution of an effective merchandising program.

This study was divided into six major areas. No one area will determine the success or failure of the merchandising operation. Each, however, is important because if properly conducted, may contribute significantly to the success of the store's merchandising program.

The major areas emphasized and which are considered to be of vital concern are: (1) Merchandising, (2) Produce, (3) Meat, (4) Pricing, (5) Advertising, (6) Display.

Adequate knowledge of produce merchandising techniques can make the produce department the "showcase" of the supermarket. Produce items are considered to be shopping goods, and, as such, require a coordinated, planned, and well directed merchandising program to assure the retention of present customers and to attract new ones. The produce department is in a state of transformation. Some operators have converted their produce operation to one hundred per cent self-service, by pre-packaging all fruits and vegetables. Other operators have partial self-service and service systems.

Produce items afford numerous opportunities for developing attractive displays. The natural beauty and color of fresh produce when displayed in peak condition, provide the supermarket with unlimited opportunity to establish its reputation for high quality.

The trial and error period of self-service meats is almost over. Tested procedures have replaced unorthodox operating methods prevalent during the early stages of its transition. Merchandising principles have been suggested which, if adopted, will enable the manager to obtain more productivity and greater customer satisfaction. Properly merchandised, this department has unlimited possibilities and may be the magnet which will attract and hold customers for the supermarket.

Retail prices are rarely computed at the store level. However, the success of every pricing program is determined by the operation

at the store level. Pricing decisions, techniques, and policies may be formulated by top level management, but the execution of these factors determine their success or failure. A store manager should have an understanding of the techniques involved, so that he may be in a better position to perform his function as the coordinator and leader of the store's operation.

Advertising has been considered as additional promotional effort directed outside of the store, by use of various media, in communicating desired information to the consuming public. Knowledge of the peculiarities and limitations of this merchandising tool will provide the store manager with the mechanics which are necessary to more effectively correlate the "in store" merchandising activity with the advertising selling message.

The first and foremost form of display which is sometimes not even considered as such, but should be stressed, is the shelf stock of the store which comprises the bulk of the store's display. Packages and labels are designed to create purchase appeal. Ends of gondolas, floor displays, shelf extenders, dump displays, bas-carts, and other display methods, have been important point-of-sale stimulators in achieving top sales volume.

While supermarkets have grown in size and complexity, and the retail food industry in general has been marked by dynamic diversification in product lines and departmental functions, the basic concepts of good merchandising remain sound and inviolate as the cornerstones for a successful operation.





APPENDIX A

REFRIGERATION REQUIREMENTS OF PREPACKAGED FRUITS AND VEGETABLES ONDISPLAY IN RETAIL STORES\*

(Prepared by the Quality Maintenance and Improvement Section, Biological  
Branch of the United States Department of  
Agriculture.)

Refrigeration Highly Desirable (35° to 45° F.)	Refrigeration Desirable	Refrigeration Not Required But Beneficial	Refrigeration Not Desirable
Artichokes	Apricots	Apples	Avocados
Asparagus	Betts, topped	Cucumbers	Bananas
Beans, snap	Carrots, topped	Garlic	Sweet potatoes
Beans, lima		Grapefruit	Tomatoes, pink
Berries	Celery	Lemons	
Broccoli	Celery hearts	Limes	
Brussel Sprouts	Cherries	Onion, dry	
Cauliflower	Grapes	Oranges	
Cole slaw	Okra	Parsnips	
Endive	Peaches, ripe	Potatoes, white	
Male	Pears, ripe	Rutabagas	
Lettuce	Peppers	Turnips, topped	
Mushrooms	Plums		
Onions, green	Rhubarb		
Parsley	Squash, summer		
Peas, green			
Potatoes, peeled	Tomatoes, ripe		
Radishes, topped			
Salad mix			
Soup mix			
Spinach			
Sweet corn			
Tangerines			

\* Kline, George E, "Prepackaging, Refrigerated Displays Cut  
Produce Spoilage Losses to 1½% of Sales," Progressive Grocer, January,  
1954.

## **APPENDIX B**

## CHART II

**"Average Saleable Life" of Various Meats\***

<b>**Beef</b>	2 days
<b>Veal</b>	2 days
<b>Pork</b>	2 days
<b>Lamb</b>	2 days
<b>Cold cuts</b>	4 days
<b>Bacon</b>	6 days
<b>Smoked Meats</b>	6 days
<b>Poultry</b>	2 days
<b>Fish</b>	2 days
<b>Variety Meats</b> <b>(offal items)</b>	2 days

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\*"How to Package Meats for Self-Service," Pamphlet, E. I. DuPont De Nemours and Company, Inc., Film Department, Wilmington 98, Delaware, 1951, p. 15.

\*\*Ground meats (all kinds) should be on a one-day code.

## CHART III

## Common Methods of Meat Preparation\*

<u>Beef</u>	<u>Name of Cut</u>	<u>Preparation Method</u>
Round	Round steak	Pan fry
	Top round	Braise
	Bottom round	Pot roast
	Heel piece	Ground
Hind Shank	Soup bone	Soup
	Shank meat	Stew, boil, ground
Rump	Roast	Braise, roast
	Pot roast	Pot roast
Loin end	Sirloin steaks	Broil, or pan broil
	Roast	Roast
Short loin	Club steaks	Broil, pan broil
	Porterhouse steak	Broil, pan broil
	Tenderloin	Broil, pan broil or roast
	Hanging tenderloin	Ground
Flank	Steak	Pan fry, braise, or stew
	Flank steak	Stew, ground
Ribs	Roast(rolled)	Roast
	or standing	
	Steaks	
	Short ribs	
Plate - navel	Navel end (rolled)	Pot roast
	Navel end (corned beef)	Simmer
	Short ribs	Braise, bake, soup
Brisket	Brisket	Soup, stew
Fore shank	Lean meat	Soup, stew, ground
<u>Veal</u>		
Leg	Roast	Roast
	Cutlets	Pan broil, pan fry
	Hind shank	veal jelly, ground
Loin	Roast	Roast
	Chops	Pan broil, pan fry

\*Modern Meat Retailing, Pamphlet, National Association of Retail Grocers, Meat Division, 1948, pp. 29-30.

CHART III  
(continued)

<u>Veal</u> (continued)	<u>Name of Cut</u>	<u>Preparation Method</u>
Rib	Roast	Roast
	Chops	Pan broil, pan fry
Shoulder	Roast	Roast
	Steaks	Pan broil, pan fry
Neck	Neck	Stew, braise
Breast	Breast	Stew, braise
Shank	Fore shank	Soup, ground
<u>Pork</u>		
Ham (fresh)	Half ham	Bake or roast
	Whole ham	Bake or roast
	Steak	Pan broil, broil
	Hock	Broil, ground
Ham (smoked)	Slices or steak	Pan broil
	Shank end	Boil
	Butt end	Bake, boil
	Whole or half	Bak, boil
Back	Salt pork	Boil, pan broil
Pork loin	Roast	Roast
	Chops	Saute, pan broil, broil
	Tenderloin	Broil, or pan broil
Bacon	Bacon sliced	Broil, pan broil
	Bacon piece	Boil (seasoning)
Spareribs	Spareribs	Bake, broil, braise
Cottage butt	Steaks (fresh)	Pan fry, pan broil
	Roast (fresh)	Roast
	Steaks (cured)	Broil, pan broil
	Piece (cured)	Boil, bake
Feet	Hind and fore	Boil, pickle, jellied
Jowl	Slices	Pan fry or pan broil
	Piece	Cook with other food

CHART III  
(Continued)

<u>Lamb</u>	<u>Name of Cut</u>	<u>Preparation Method</u>
Leg	Leg O Lamb Steaks	Roast Pan broil, broil, pan fry
Loin	Roast Chops	Roast Broil, pan broil, fry
Rib	Chops Roast	Broil, pan broil, fry Roast
Breast	Rolled Whole	Roast, stew Stew, braise
Shank	Shank	Soup, Braise
Shoulder	Piece Steaks	Roast, stew Pan broil
Neck	Roast Boneless	Braise, stew, soup Stew, ground

## APPENDIX C



## CHART IV

How Sales Velocity Affects Per Cent Margins in Grocery  
Products\*

	<u>Sales</u>	<u>Gross Margin %</u>
MUSTARD . . . . .	\$ 10.00	27.6
PEAS . . . . .	17.00	21.4
BAKED BEANS . . . . .	34.00	17.1
TEA . . . . .	39.00	16.7
COLD CEREALS . . . . .	86.00	13.4
BABY FOOD . . . . .	104.00	9.8
SOAPS . . . . .	256.00	8.4
CIGARETTES . . . . .	343.00	5.8

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\* Foodtown Study, A Reprint from Progressive Grocer, January, 1955.

## CHART V

How An Average Customer Spends \$100 in Foodtown  
Supermarkets\*

GROCERY . . . . .	\$43.71
MEATS . . . . .	28.11
PRODUCE . . . . .	12.76
DAIRY . . . . .	8.61
FROZEN FOOD . . . . .	4.14
BAKERY . . . . .	2.67

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\* Foodtown Study, A Reprint from Progressive Grocer, January, 1955.

## CHART VI

## Sales and Margins by Product Groups\*

<u>Gross % Margin</u>	<u>Sales by Product Group</u>	<u>Dollar Margin</u>
	<u>MEATS</u>	
16.9%	\$831,969.51	\$140,602.85
	<u>PRODUCE</u>	
25.4%	377,671.17	95,928.48
	<u>DAIRY PRODUCTS</u>	
15.5%	254,715.64	39,256.51
	<u>FROZEN FOODS</u>	
22.2%	122,627.11	27,223.21
	<u>BAKERY</u>	
18.0%	79,058.59	14,263.91
	<u>GROCERY</u>	
16.6%	1,293,742.70	214,216.54

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\*Foodtown Study, Reprint from Progressive Grocer, January, 1955.

## CHART VII

Example of Calculation - Markup on Retail<sup>\*</sup>

<u>Given</u>	<u>To Find</u>	<u>Procedure</u>
a. Cost and retail \$1.00      \$1.50	Markup %	Divide 50¢ by \$1.50 Divide Markup by Retail
b. Retail and Markup % \$2.00      40	Cost	Multiply Retail by (100%- M.U. %) Multiply \$2.00 by (100%- 40%)
c. Cost and Markup \$5.00      \$3.00	Markup %	Cost + Markup = Retail \$5.00 plus \$3.00 = \$8.00 Markup divided by Retail = M.U. % \$3.00 divided by \$8.00 = M.U.%
d. Markup and Markup % \$1.05      35	Retail	Divide Markup by Markup % and multiply by 100. Div- ide \$1.05 by 35 and multi- ply by 100
e. Cost and Markup % \$1.50      40	Retail	Divide Cost by (100%-M.U.%) and multiply by 100 Divide \$1.50 by (100-40) and multiply by 100
f. Retail purchase and markup percent \$10,000      35	Cost pur- chases	Multiply Retail purchases by (100-M.U.%) \$10,000 multiplied by (100%-35%)
g. Cost purchases and markup percent \$6,600      40	Retail Purchases	Divide cost purchases by (100%-M.U.%) \$6,600 divided by (100-40) multiplied by 100

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<sup>\*</sup>Wingate, John and Schaller, Elmer O., "How to Determine Markup,"  
Techniques of Retail Merchandising, Prentice-Hall, Inc., New York, 1950,  
p. 86.

## CHART VIII

## Examples of Calculation--Markup on Cost\*

<u>Given</u>	<u>To Find</u>	<u>Procedure</u>
a. Cost and Retail \$1.00      \$1.50	Markup %	Divide M.U. by cost Divide 50¢ by \$1.00
b. Retail & Markup % \$2.00      40%	Cost	Divide the retail by (100% plus Markup %) Divide \$2.00 by 140%
c. Retail and Markup \$5.00      \$2.00	Markup %	Retail-Markup = Cost \$5.00 - \$2.00 = \$3.00 Markup divided by cost = M. U. % \$2.00 divided by \$3.00 = M.U. %
d. Markup and Markup % \$1.05      35%	Cost	Divide Markup by markup % and multiply by 100. Div- ide \$1.05 by 35 and multi- ply by 100.
e. Cost and Markup % \$1.50      40%	Retail	Multiply cost by (100% - Markup %) Multiply \$1.50 by 140%
f. Retail & Markup purchases percent \$10,000      35%	Cost Pur- chases	Divide Retail purchases by (100% plus Markup %) Divide \$10,000 by 135% (1.35)
g. Cost and Markup Purchases percent \$6,600      40%	Retail Purchases	Multiply cost purchases by (100% + M.U. %) Multiply \$6,600 by 140% (1.40)

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\*Wingate, John and Schaller, Elmer O., "How to Determine Markup"  
Techniques of Retail Merchandising, Prentice-Hall, Inc., New York, 1950,  
p. 87.

## CHART IX

## Markup Equivalents

When the markup in the left column is applied to net cost, the right column gives the equivalent on the selling price.

<u>Markup on Cost</u>	<u>Equivalent on Selling Price</u>
1 % . . . . .	.99%
2 % . . . . .	1.96%
3 % . . . . .	2.91%
4 % . . . . .	3.85%
5 % . . . . .	4.76%
10% . . . . .	9.09%
15% . . . . .	13.04%
20% . . . . .	16.67%
25% . . . . .	20.00%
30% . . . . .	23.07%
33% . . . . .	24.81%
35% . . . . .	25.93%
40% . . . . .	28.57%
45% . . . . .	31.03%
50% . . . . .	33.33%
60% . . . . .	37.50%
66 2/3% . . . . .	40.00%
75% . . . . .	42.66%
100% . . . . .	50.00%



**Typical Markups Used By Grocery Stores to Average 18% Markup in Groceries\***

**Markup 9% or Less**

Butter	Shortening
Cigarettes	Sugar
Coffee	

Items above contribute about 17% of grocery sales.

**Markup 10% to 15%**

Canned Milk	Lard
Cereals	Margarine
Eggs	Soap Flakes
Flour	Soap Powder
Instant coffee	Toilet soap

Items above contribute about 15% of grocery sales.

**Markup 16% to 19%**

Baby Cereals	Dog foods
Bread	Flour mixes
Baby Foods	Mayonnaise
Canned meats	Ready-to-eat foods
Cleansers	Salad Dressing
Cocoa	Syrups
Cooking-salad oils	Toilet Paper

Items above contribute about 16% of grocery sales.

**Markup 20% to 22%**

Baking Powder	Dried Fruits
Bottle Beverages	Frozen Foods
Canned Fish	Honey
Canned fruits & vegetables	Macaroni
Canned Juices	Malted Milk
Canning needs	Molasses
Catsup	Noodles
Cheese, pkg, jar.	Pudding--desserts
Chili sauce	Salt
Corn Meal	Spaghetti
Crackers	Tea, pkg., bags.
Dates	Toasts-crumbs
Dehydrated soups	Vinegar

Items above contribute about 25% of grocery sales.

**Markup 23% to 25%**

Barley	Fruit syrups
Bouillon cubes	Gum
Candy	Jams, Jellies, Preserves
Dried Beans, peas	Mince meat
rice	Paper Towels
Nuts (in shell)	Peanut Butter
Olives	Pickles, relishes
Paper Napkins	
Soda	

Items above contribute about 8% of grocery sales.

**Markup 26% to 28%**

Brooms	Pectin
Brushes	Pie fillings
Cocoanut	Potato chips
Extracts	Sanitary napkins
Matches	Waxes paper
Nuts (shelled)	Waxes & polishes

**Markup 29% and Over**

Candles	Light bulbs
Citron	Motor Oil
Drug sundries	Notions
Dry Cleaner	Paper napkins
Facial tissue	Picnic supplies
Film	Razor Blades
Fruit peels	School supplies
Gloves	Shoe polishes
Household oil	Spices
Insecticides	Toothpicks

Items above contribute about 13% of grocery sales.

**Note:** Markups shown are based on retail prices, not cost. They apply to widely known brands. Somewhat higher margins are often realized on sectional and controlled brands of grocery products.

\* Brown, Paul L., and William R. Davidson, Retailing Principles and Practices. New York: The Ronald Press, 1953, p. 337.



APPENDIX D

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## CHART XI

## How End Displays Increased Sales\*

Display	Unit Sales Normal Week	Unit Sales Week of Display	Per Cent Increase
1. Canned Sauerkraut	52	249	379%
Canned Beans	161	748	365%
2. Cider (1 gal)	11	34	209%
3. Cider ( $\frac{1}{2}$ gal)	10	85	750%
Spiced wafers, Brand A	12	62	417%
4. Crackers (1b. box)	32	202	531%
Crackers (8 oz. box)	58	169	191%
Jam	32	117	266%
5. Pudding	100	528	428%
Coffee (1b. bag)	111	496	347%
6. Chocolate syrup	150	339	126%
Evaporated milk	752	864	15%
7. Tomato soup	274	281	3%
Crackers (salted)	72	208	189%
8. Spiced wafers, Brand A	12	32	167%
Spiced wafers, Brand B	6	79	1,217%
9. Paper napkins	93	183	97%
10. Cleanser	47	225	379%
Bleach ( $\frac{1}{2}$ gal)	46	45	-2%

\*"Food Store Merchandising," Progressive Grocer's Scrapbook of Merchandising Ideas, p. 5.

## CHART XII

Shopping Cart Displays Increased Sales from 270 Units to 2,314 in Two

## Week's Test\*

PRODUCT	Before Normal		After Sales		% Increase
	Sales, 2 week		With Cart		
	Period		Display		
	Unit	Dollar	Unit	Dollar	Unit Sales
	Sales	Sales	Sales	Sales	
Facial soap (reg)	28	\$2.06	926	\$64.10	3,207
Popping corn	11	1.60	363	52.64	3,200
Tuna fish	21	9.45	111	49.95	429
Cleaning fluid	12	3.48	57	16.53	375
Shoe polish	19	1.90	118	11.80	521
Tooth paste (med)	4	1.00	12	3.00	200
Tooth paste (lge)	11	4.73	78	33.54	609
Scouring pads (soap filled)	23	.96	98	11.76	326
Pickles	30	8.70	77	22.33	146
Candy	46	4.14	159	14.31	246
Gravy seasoning	11	1.54	88	12.32	700
Scouring Pads, Brass (plain)	36	3.00	139	11.59	286
Car polish wax	5	2.95	24	14.16	380
Car polish cleaner	4	2.36	22	12.98	450
Car polish liquid cleaner	9	5.31	42	24.78	376
Totals	270	\$53.18	2,314	\$356.39	757

\*Ibid., p. 25.

## CHART XIII

## Shelf Extenders Boost Sales\*

ITEM	Regular Shelf Sales One week	Shelf Extender Sales One week	Unit Increase	% Increase
Sweet pickles	20	42	22	110%
Pork and beans	47	145	98	208
Dried beans	95	168	73	77
Dill pickles	12	48	36	300
Tuna fish	50	239	189	378
Peas	72	312	260	361
Tomatoes	25	145	120	480
Cheese crackers	69	253	184	267
Peanut butter	18	48	30	167
Instant coffee	44	110	66	150

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\* Ibid., p. 34.

## CHART XIV

## How Talking Signs Increase Sales\*

Display	Unit Sales Display Without Signs	Unit Sales Display With Signs	% Change
Hominy Grits	219	341	56%
White Corn Meal	139	159	14%
Yellow Corn Meal	<u>83</u>	<u>80</u>	- 4%
Total	441	580	31%
Rice (1 lb.)	202	341	69%
Evaporated milk	<u>606</u>	<u>652</u>	<u>8%</u>
Total	808	993	23%
Canned peas	258	294	14%
Canned corn	<u>326</u>	<u>358</u>	<u>10%</u>
Total	584	652	12%
Egg noodles	16	23	44%
Elbow Macaroni (8 oz)	34	81	138%
Elbow Macaroni (16 oz)	32	47	47%
Grated cheese	23	22	- 4%
Canned tomatoes	<u>77</u>	<u>90</u>	<u>17%</u>
Total	182	263	44%
Instant frosting (choc)	20	29	45%
Instant frosting (strawb)	26	33	27%
Instant frosting (vanilla)	33	46	39%
Prepared cake mix	<u>103</u>	<u>139</u>	<u>35%</u>
Total	182	247	36%

\*Ibid., p. 69

**APPENDIX E\***

\*The Merchandising Calendar contained herein, is a revision of a Merchandising Calendar, compiled by the students of the Food Distribution Class of 1951.

## MERCHANDISING CALENDAR

## JANUARY

- 1 - New Year's Day - Legal Holiday
- 6 - Epiphany
- 10 - League of Nations' Day
- 15 - World Religion Day
- 17 - Benjamin Franklin's Birthday, beginning of Thrift Week
- 19 - Robert E. Lee's Birthday - Holiday in the South
- 20 - Inauguration Day
- 24 - 31 - National Youth Week
- 26 - Douglas MacArthur's Birthday
- 27 - Edison Patented incandescent lamp
- 30 - Franklin Roosevelt's Birthday
- 31 - Child Labor Day

Observed Annually - Dates Change

## Supermarket Month

March of Dimes	2-31
Take Tea and See-Week	15-26
International Printing Week	15-21
National Thrift Week	17-23
California Fiesta	20 - Feb. 29
National YMCA Week	22-29
National Potato Chip Week	23-28
Youth Week	23-29

\*\*\*\*\*

Strawberries are new. Grapes, kumquats, and pomegranates on the way out.

\*\*\*\*\*

## JANUARY

One of the first objectives during the early portion of the month is a thorough clearance of Christmas items. January is a good month for



featuring hot beverages, (take-tea-and-see-week) and complete meal supplies. Cold weather items such as hand lotions, creams and cold preventatives, are at their peak during this month.

A white goods sale analagous to department store advertising could feature such items as soft goods, flour, sugar, soap, crackers, salt, etc.

This month is excellent for promoting citrus fruits. A campaign should be put into effect featuring, lemons, oranges, grapefruit and tangerines.

National Potato Chip Week should lead to prominent displays. Mass displays encourage impulse buying.

Benjamin Franklin's birthday on the 17th marks the beginning of Thrift week. It is a good opportunity to feature bargains and specials, particularly a Dollar Day sale.

Take-Tea-and-See-Week which is usually the third week in January presents a merchandising possibility to chain operators. An effective promotional device is to display tea, with related items, such as fresh or lemon concentrate, crackers and/or cookies.

The possibility of a light bulb promotion around the 27th, highlighting the day on which Edison patented the incandescent lamp, should be considered.

Franklin Roosevelt's birthday is associated with the March of Dime's campaign. This presents the opportunity to better community relations. Capitalize on it.

## FEBRUARY

- 1 - National Freedom Day (Presidential Proclamation)
- 2 - Ground Hog Day
- 9 - World Day of Prayer
- 12 - Lincoln's Birthday. Flag display.
- 14 - Valentine's Day
- 15 - Ash Wednesday - beginning of Lent
- 17 - World Day of Prayer
- 19 - First Sunday of Lent
- 22 - Washington's birthday

Observed Annually - Dates Change

American Heart Month	1-29
Kraut and Frankfurter Week	2-11
National Children's Dental Health Week	5-11
Boy Scout Week	6-12
National Advertised Brands Week	10-20
National Pimento Week	10-20
Mardi Gras (Shrove Tuesday)	14
National Canned Salmon Week	15-22
National Cherry Week	15-22
National Sew and Save Week	18-25
International Wheat Bread for Toast Week	19-25
Brotherhood Week	19-26

\*\*\*\*\*

Asparagus comes upon the scene.

\*\*\*\*\*

## FEBRUARY

Take advantage of every merchandising opportunity--February is a short month--shoot for additional sales to make up for lost days.

With Lenten days approaching, suggest meat items, recommending complete dinner menus. "Kraut and Frankfurter Week" affords the opportunity to stress a variety or economy meal.

St. Valentine's Day on the 14th calls for promotion of boxed candies and party items.

Displays of canned cherries, pie mixes, cherry candy, cherry ice cream, cherry pies and frozen cherries can capitalize on the promotion of National Cherry Week. Continued to Washington's birthday, imaginative themes portraying the "cutting down of the cherry tree;" and "never tell a lie;" settings should prove effective.

Ash Wednesday which falls on February 15 is the first day of Lent. Sales of fish and other seafood, dairy products, macaroni, and salad ingredients should be high during this period. Featuring canned goods, particularly salmon and tuna are in order. In line with these promotions, displays of dairy products offer possibilities for meat substitutes.

#### MARCH

- 1 - State Day Nebraska
- Red Cross Fund Drive
- 2 - Independence Day, Texas
- 4 - Penn Charter Day - Pennsylvania
- 5 - President's Day
- 12 - Wisconsin Dairy Day
- 15 - Andrew Jackson's Birthday
- 17 - St. Patrick's Day
- 19 - Red Cross Sabbath
- 21 - First Day of Spring
- 25 - Greek Independence Day, Palm Sunday (Religious),  
State Day - Maryland
- 30 - Good Friday

Observed Annually - Dates Change

## Cheese and Rye-Krisp Month

Cottage Cheese - Cling Peaches Salad Time	1-31
National Home Improvement Month	1-31
One Dish Meals with Cheese Month	1-31
Red Cross Membership and Campaign Month	1-31
Spring Clean-up	1-31
National 4-H Club Week	3-11
National Peanut Week	4-10
National Save Your Vision Week	4-10
Easter Seal Appeal	10
Girl Scout Week	11-17
National Rice Week	11-17
Camp Fire Girl's Birthday Week	11-18
Dried Fruit Weeks	16-31
National Salesman's Week	18-24
National Tobacco Distribution Week	18-24

\*\*\*\*\*

Bock beer comes in about the middle of the month. Also fresh rhubarb, while brussel sprouts pass out.

\*\*\*\*\*

## MARCH

Now is the time to begin checking inventories of winter items and to plan methods for their movement. This is the big month for lenten sales. Continue variety displays of dairy products, one-dish-meals-with cheese, cheese and peach salad time displays. Give them maximum effort.

The first day of spring arrives on the 21st, remind the housewife of her spring cleaning obligations. Take advantage of manufacturers promotions. Build large displays of housecleaning needs. Feature a price leader. Attention arousing displays will encourage the housewife to purchase these items.

On St. Patrick's Day, break out the green colors--spotlight the produce department.

Never lose sight of the other special events featured during each month. Where local situations warrant, emphasize the event in accordance with community interest.

Prepare for Easter.

#### APRIL

- 1 - All Fool's Day, Easter Sunday
- 6 - Army Day
- 8 - Daughter's Day
- 10 - Salvation Army Day, Arbor Day
- 13 - Jefferson's Birthday
- 14 - Pan American Day
- 15 - Federal Income Tax Due
- 18 - Brand Names Day
- 19 - Patriot's Day - Holiday in Maine and Massachusetts
- 22 - Meet Your Obligation Sunday
- 26 - Confederate Memorial Day - South

#### Observed Annually - Dates Change

Honey for Breakfast Week	1-7
National Arts and Craft Week	1-7
National Conservation Week	1-7
Cancer Control Month	1-30
Cereal and Spring Festival	1-30
National Hobby Month	1-30
National Boys Club Week	2-8
Pan American Week	8-14
National Model Building Week	8-14
Packaging Week	9-12
Bike Safety Week	16-21
National Do-It-Yourself Week	16-23
Passover - Religious (Jewish)	16-23
National Photography Week	24-30
National Baby Week	28-May 5

\*\*\*\*\*

Fresh Cranberries go. Pineapples, cucumbers and asparagus are at their peak.

\*\*\*\*\*

## APRIL

This is the month to get the atmosphere of spring in the store. The lenten days are over on the 1st. Because of the many fast days, meat goods should sell fast, be sure to have enough supplies on hand to meet the demand.

At this time of the year the merchandising plan of the store should feature spring and summer foods. Cold cereals should be expanded, although hot cereals, pancakes and honey are still appealing.

Multiple unit displays of these items are still effective.

Spring housecleaning sales should be hit hard during this month. Soap bleach, light bulbs, cleaners, waxes, brooms, mops, etc., should be featured in this event.

Fresh vegetables for salad are in strong demand. Head lettuce, tomatoes, asparagus and cucumbers should be especially good sellers.

The National Model Building Week, Bike Safety Week, Do-It-Yourself Week are conducive to effective displays and attention getting slogans.

Now is the time to move out garden supplies - start displaying now.

The last few days of this month are designated as National Baby Week. Mothers are particular about baby food, and the store that gives them a good variety will win acceptance that extends to the other departments of the store. Keep an adequate variety on hand - tie in with national baby food campaigns. Remember, "nothing ventured, nothing gained."

## MAY

- 1 - May Day, Child Health Day
- 4 - May Fellowship Day
- 6 - Humane Sunday
- 8 - V-E Day, Harry S. Truman's Birthday
- 11 - American Indian Day
- 13 - Mother's Day
- 17 - Norwegian Independence Day
- 18 - World Good Will Day
- 19 - Armed Forces Day
- 22 - National Maritime Day
- 24 - Empire Day, Canada
- 26 - Memorial Poppy Day
- 30 - Memorial Day

Observed Annually - Dates Change

National Correct Posture Week	1-7
Fig Festival	1-31
Milk Festival	1-31
National Canned Hamburg Month	1-31
National Rug Cleaning Month	1-31
United Cerebral Palsy Month	1-31
Be Kind to Animals Week	6-12
National Hospital Week	6-12
National Family Week	6-13
National Raisin Week	7-13
National Frozen Food Week	12-19
National Cotton Week	13-19

\*\*\*\*\*

Oysters are out, so are tangerines. In comes sweet corn, green onions, berries, melons, grapes, cherries.

\*\*\*\*\*

## MAY

The tourist and picnic season is just around the corner. Plan promotions to cash in with paper napkins, paper plates, wax paper, etc.

Flowers and attractively boxed candies are a must for Mother's Day. Perhaps a "Day of rest" feature could be advanced with easy-to-prepare, convenience foods. Appropriate tie-ins could be launched for the "Fig Festival, Milk Festival, National Family Week, National Raisin and Frozen Food Week."

Garden supplies should be cleaned out by Memorial Day. Picnic foods and supplies should be given aggressive sales efforts.

## JUNE

- 3 - Jefferson Davis' Birthday, celebrated in South
- 4 - Tomato Festival - Texas, Swedish mid-summer Festival
- 10 - Temperance Sunday
- 14 - Flag Day
- 17 - Father's Day
- 21 - Summer Begins

Observed Annually - Dates Change

National Circus Week	1-7
Dairy Month	1-30
National Flag Week	9-16
Father-Son Week	10-17
International White Bread for Energy Week	24-30
National Swim for Health Week	24-30

\*\*\*\*\*

Artichokes and endives disappear, but in come fresh apricots, peaches, currants, fresh figs and plums. It's abundant season for berries and melons

\*\*\*\*\*



## JUNE

The salad season is on. Feature salad ingredients, also dressings, oils, vinegar, etc. This is also the time to push beverages. The handy 6-bottle pack is a surefire number. Iced tea should also get a lot of space. The 46 oz. juices should be featured. Now is the time to feature ready-to-eat and easy-to-prepare foods. Canned meats and baked beans are a natural.

June is National Dairy Month. Hard hitting ads by the American Dairy Association are going to make the housewife want to buy dairy products. This is the right time to let customers know that you have a complete assortment of delicious dairy foods.

Summer begins the 21st, and women will be buying more bleach, soap, insect sprays, film, fly swatters, etc.

Father's Day on the third Sunday in June offers a special opportunity to feature the foods that father likes best. To add a dramatic touch to the store follow-thru, the theme is carried through with display material and special shelf markets. Cigarettes are one of America's favorite Father's Day gifts. Feature them by the carton.

Abundant supplies of fresh fruits and vegetables are now in season, and they should be featured in your ads.

## JULY

- 4 - Independence Day
- 14 - Ground Observer Corps Day
- 15 - St. Swithin's Day (If it rains today, it rains for 40 days)

Observed Annually - Dates Change

Ice Cream Festival	July to August 31
National Hot Dog Month	1-31
Picnic Month	1-31
National Ice Tea Time	6-20
National Farm Safety Week	25-31

\*\*\*\*\*

Broccoli, asparagus and cocoanuts go out. It's the big melon season, also best time for gooseberries, currants.

\*\*\*\*\*

## JULY

Sales for the 4th should set the month off with a bang. Advertisements for the week before the 4th should feature prepared goods, picnic items, cold cuts, cigarettes, etc. Holidays and film are like bacon and eggs - get that extra volume from high-margin films.

This is the season for beverages! Mass displays will do the trick, and tie-ins with potato chips, popcorn and other snacks are hard to resist.

Ice cream is a big volume item during this month. Many stores have worked wonders by pushing the 1/2 gallon size.

National Iced Tea Week during the second week of the month is an opportunity to tie in with a hard-hitting national advertising campaign. Mass displays of iced tea with a tie-in of crackers pay off in a big way. Lemons, which are in abundant supply at this time of the year, should be featured also with iced tea.

This is melon season, attractive posters depicting appetizing fruit salads, fresh orange juice and berries, should induce additional produce sales.

## AUGUST

Salad Bowl Month

1 - Swiss Independence Day

4 - Coast Guard Day

5 - Friendship Day

14 - V-J Day

19 - National Aviation Day

Observed Annually - Dates Change

National Sandwich Month

National Relaxation Week

International Rye Bread for Variety Week

National Denim Week

\*\*\*\*\*

Strawberries go out. Other berries getting scarcer. Corn at its peak.

Also watermelon.

\*\*\*\*\*

## AUGUST

August has few holidays, and it takes heads-up merchandising to beat the heat and prevent that late summer slump. As in the previous summer months, emphasis should be on hot weather items. Consistent push should be behind beverages, picnic items, ice-cream - anything that will shorten the housewife's time in the hot kitchen.

Cool salads to beat the hot weather should be featured. Produce items which can be used in salads are plentiful, and should be displayed together. Tie-ins with salad dressing have proved to be effective.

Home canning hits its peak during this month, and canning items can mean large sales. A large display, featuring fruit jars, rings, wax, pectin, and 25# bags of sugar will do the trick! Building this

display near the Produce Department will help to boost sales of fruits and vegetables that are most favored for canning.

Near the end of August the new packs of canned goods should be coming in, and a New Pack Sale should really pay off. Pricing by the case and half case is a good way to increase dollar sales.

#### SEPTEMBER

- 3 - Labor Day
- 6 - Rosh Hashana (New Year) Religious (Jewish)
- 17 - Citizenship Day (I am an American Day)
- 22 - Kid's Day, Gold Star Mother's Day
- 28 - American Indian Day
- 30 - Harvest Moon

#### Observed Annually - Dates Change

National Better Breakfast Month	
Son's and Daughter's Month	
National Child Safety Week	2-9
National Sunday School Week	16-23
Constitution Week	17-23
Home Fashion Time	20-29
Cranberry Festival	22
Kid's Day	22
Gold Star Mother's Day	23
Christian Education Week	23-30

\*\*\*\*\*

Oysters R in again, so are pumpkins, brussel sprouts, cranberries, fresh dates, casaba melons, pomegranates and quinces. Pears, plums, cantaloupes, egg plants at their peak.

\*\*\*\*\*

## SEPTEMBER

Labor Day is the last big day for summer selling, Beverages, cheese, cold cuts, potato chips, olives, pickles, picnic supplies, etc. should be featured.

September is a month that calls for a complete change in merchandising. Autumn means heavier meals. Breakfast should change from cold cereals to bacon, eggs, toast, pancakes, and waffles. There will be heavier lunches at home - soups, macaroni products, pork and beans, etc. For dinner there will be more of everything - larger cuts of meat, more potatoes, cooked vegetables, more pies, cakes, etc.

With school opening right after Labor Day, many children will take a lunch box to school. They will want oranges, apples, cup cakes, and other baked goods along with their sandwiches. After-school snacks should increase the sale of cookies, crackers, cheese, bread, peanut butter, jam and milk.

The Jewish holidays in this month should be taken into consideration by those stores that operate in Jewish areas.

The main bill of fare is plenty of fresh fruits, vegetables, baked goods and poultry.

National Dog Week calls for prominent displays of all varieties of dog foods. Case sales of dog food are especially profitable.

Get "dad" to put that last coat of polish on his car before the cool weather approaches.

## OCTOBER

Cheese Festival thru October 31

6 - National Newspaper Boy Day

11 - Chinese Independence Day, General Pulaski's Memorial Day

12 - Columbus Day  
 14 - Granmother's Day  
 24 - United Nation's Day  
 27 - Navy Day  
 31 - Hollween

Observed Annually - Dates Change

Cheese Festival	1-31
Cranberry Time	
Popcorn Festival	1 to December 31
Anti-Freeze Week	7-13
Fire Prevention Week	7-13
National Wine Week	13-20
National Bible Week	15-21
National Macaroni Week	18-27
National Pretzel Week	21-28
United Nation's Week	21-28
National Popcorn Week	22-31
National Apple Day	31

\*\*\*\*\*

Enter broccoli, endives, cocoanuts, persimmons and satsumas. Melons and sweet corn pass out.

\*\*\*\*\*

OCTOBER

The Cheese Festival, backed by heavy advertising of the American Dairy Association, represents sure-fire opportunity for high-margin cheese sales. Sampling of some varieties will sharply increase sales.

A harvest sale featuring canned corn, tomatoes, and other canned vegetables is advisable during this month.

Halloween presents excellent merchandising opportunities. Candy and popcorn displays featured in "hot spots" result in many impulse sales. The produce sales of apples, pumpkins and cider in conjunction with the holiday spirit should attain large proportions. Emphasis on

Halloween parties, with baked goods and baking supplies should be strong.  
Donuts and cider are strong favorites for this holiday.

#### NOVEMBER

- 1 - All Saints Day, National Author's Day
- 2 - World Community Day
- 6 - General Election Day
- 10 - 4-H Achievement Day
- 11 - Veteran's Day (formerly Armistice Day)
- 22 - Thanksgiving

#### Observed Annually - Dates Change

Butter-Baked Turkey Time	1-31
National Fresh Cranberry Week	4-10
American Education Week	
Optimist Week	11-17
Diabetes Week	18-24
National Latin American Week	18-24

\*\*\*\*\*

Artichokes, broccoli, and tangerines come in. Fresh peaches, kohlrabi go out.

\*\*\*\*\*

#### NOVEMBER

The main event in November is Thanksgiving. The selling activity for the entire month is building up to that point. Specific items to be pushed are: turkeys, hams, cranberries, jellies and sauces, minced meat, bread (for turkey filling) pumpkins and pumpkin pie, nuts of all types, apples, cider, raisins, candy, celery, parsley, parsnips, figs, dates, fruits, and food baskets.

Listing turkey orders in advance is a good way to insure higher meat sales. The entire decoration scheme for the store should stress the fall harvest of plenty.

With no let down after Thanksgiving, merchandising plans should immediately pick up and anticipate the highest sales of the year during the Christmas season.

#### DECEMBER

- 2 - Advent Sunday
- 7 - Pearl Harbor Day
- 9 - Universal Bible Sunday
- 10 - United Nations Human Rights Day
- 15 - Bill of Rights Day
- 21 - Winter Begins
- 25 - CHRISTMAS
- 31 - New Year's Eve

#### Observed Annually - Dates Change

Holiday Eggnog time	1-31
National Prosperity Week	3-9

\*\*\*\*\*

Kumquats and strawberries come in. Out go melons, fresh prunes, quinces, and satsumas.

\*\*\*\*\*

#### DECEMBER

Merchandising programs during this month develop around the holiday season. Store should be decorated early in the month for the Christmas season.

Christmas brings increased sales, so line up extra help that will be needed.



Christmas provides a time for store-wide promotions. Turkeys, geese, ducks, capons, and hams are popular items in the meat department. Special services such as turkey roasting may be provided.

The produce department should feature sweet potatoes, oranges, tangerines, apples, cranberries, onions, tomatoes, and lettuce.

The grocery department should feature such high-profit items as olives, nuts, candy, mince-meat, canned fish, chicken, and turkey. Other specialty items include: cooked cereals, pancake mixes, syrups, jams and jellies, biscuit and cake mixes, soups, frozen vegetables, and packaged desserts.

The dairy department should feature egg-nog and fancy cheeses. Heavy sales of milk, cream, and butter demand careful ordering so that plenty will be on hand. Fancy baked goods, fruit cake, and stuffing will prove good sellers in the bakery department.

A holiday department can be planned to feature high-profit gift baskets, fruit baskets, a full assortment of nuts and candy, candied fruits, gift wrapping, holly, candles, and other Christmas decorations.

New Year's promotion should spotlight such party fare as cold cuts, sandwich spreads, cheese, soft drinks, eggnog pretzels, nuts, ice cream, buffet items, snacks, and fancy cakes.

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