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A CASE STUDY IN THE DEVELOPMENT
OF A SUPERMARKET

Thesis for the Degree of M. A.

MICHIGAN STATE COLLEGE

Donald B. Rubens

1951

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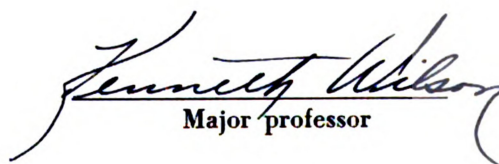
A Case Study in the
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Donald B. Rubens

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By

Donald E. Rubens

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CHAPTER I

INTRODUCTION

The problem to be discussed in this thesis is the development of a food supermarket. It is concerned mainly with the many plans, details, and problems that must be carefully considered and evaluated before a supermarket is ready to open its doors for business. Some of the many problems that present themselves are selection of a location, size of the store, type of construction, method of financing, fixtures and equipment to be used, interior arrangement of the store, selection of staff, training of personnel, and advertising and publicity for the store.

Three sources of information were used in the preparation of this report. Personal contacts and discussions with executives of the Hart's Food Stores, Incorporated, of Rochester, New York, were one source. Records of Hart's Food Stores, Incorporated, provided the second source. The investigations, research, and observations made by the author accounted for the third source.

Very little information is available today in written form on the many problems to be encountered and decisions to be made in the development of a supermarket. There are three outstanding reasons for this. First, the supermarket, as it is known today, is a relatively new type retail outlet, having first appeared in the early 1930's. Second, there have been constant improvements and developments in supermarkets, so

that any material written five or ten years ago on the subject, is, in considerable part, out of date in 1951. Third, many of the details encountered in the construction of one supermarket do not present themselves in the construction of other supermarkets. Because there is very little information available on this subject, the author believes there is a need for such a study.

This report is in the form of a case study of a particular supermarket. The case study approach is used so as to fully cover the many aspects involved in the development of one supermarket. Most of the general problems presented in this case study are usually encountered in the construction of all supermarkets, but the many details vary from case to case.

It is felt that a brief history and description of the Hart's Food Stores, Incorporated, of Rochester, New York, will provide for a better understanding of the report itself.

As is the case with many chain food store companies, Hart's Food Stores, Incorporated, began with one store in the 1890's, called Hart's Food Store. The success of this first unit led to the construction of a second store soon afterwards, and then a third store. The continued success of each unit led to the development of more stores. The years after 1910 experienced a rapid growth in the number of units, continuing until 1935 when there were 142 Hart's Food Stores.

In the early 1930's, the supermarket appeared on the American scene. The supermarket, among other things, was a larger store in area with much greater variety, than the earlier type unit, and featured a

self-service type operation, in contrast with the earlier type unit which was of the service type.¹

Hart's Food Stores, Incorporated, began to realize the many advantages of this new development in food retailing. The result was the opening in 1938 of its first supermarket, called Star Super Market. The success of this first unit led to the opening of more supermarkets, with the result that on January 11, 1951, there were 23 Star Super Markets.

It is interesting to note how the name "Star" was selected. The letters in the name "Hart's" were rearranged, and the "H" eliminated. This resulted in the word "Star".

There are several reasons why the Star Super Markets are known by a different name from the Hart's Food Stores. The latter had been identified with neighborhood operations for nearly 50 years and had always enjoyed public acceptance and popularity. With the advent of the supermarket, the executives of Hart's Food Stores, Incorporated, decided after much consultation and deliberation, that there should be a definite distinction between the two operations, so that in the public eye there would be no confusion. Each was a distinct type of food retailing peculiar to itself. Thus the supermarkets and neighborhood stores are identified by different names.

As additional Star Super Markets were opened, many of the older and smaller type units, the Hart's Food Stores, were closed, because

¹ Service type food stores offer such customer services as delivery and credit.

the competition from the supermarkets affected their sales volume, making some of them unprofitable.

As a result, there were 80 stores in the Hart Store division and 23 supermarkets in the Star division in operation on January 11, 1951. These 103 units comprised the retail operations of Hart's Food Stores, Incorporated, as of that time.

The author wishes to explain three terms used in the report itself. Where the words "the company" are used, it refers to the Hart's Food Stores, Incorporated. The word "Star" or "Stars" refers to the Star Super Markets, and the words "Hart's" or "Hart Stores" refers to the older and smaller type units, the Hart's Food Stores.

The long range program of Star Super Markets envisions approximately 35 stores in Rochester, New York, strategically located in order to serve all the residential areas of the city. In addition, it is planned to build more stores in all surrounding towns with populations in excess of 5,000 persons, and within a radius of about 75 miles of Rochester. This area would extend east to Syracuse, west to Buffalo, and south to the Pennsylvania border. The area referred to is covered by the Rochester newspapers, in which the company advertises regularly and extensively, so it is felt that the buying public of these towns is well acquainted with the Star Super Markets. The company feels that consumer acceptance has been developed within this area and that future supermarkets in these towns would find success and favor.

As of January 11, 1951, the Hart's Food Stores, Incorporated, operated 23 Star Super Markets, 20 located in Rochester proper, and

three located in nearby towns. There were five more in the process of construction, as of this date, which will be opened during 1951.

This report is concerned with Star No. 23, located at 435-437-439 Lyell Avenue in Rochester, New York, which was opened on January 11, 1951. This unit will be discussed from the time it was first planned until it was first opened for business.

CHAPTER II

LOCATION

The construction of a modern supermarket involves a substantial investment. It is very evident that careful planning and study must go into the selection of a location for a supermarket. An error can be very costly. The selection of the Lyell Avenue site resulted from painstaking planning and study of its potential. The basis of its potential is discussed later in this chapter.

Greater Rochester is a city of over 400,000 inhabitants, situated in Western New York state on the shores of Lake Ontario. It is well known as a city with varied industries. Among the more important industries are men's clothing, cameras and film, and optical goods. Payrolls are high because skilled workers constitute a large part of local employment.

The field of food retailing is one of keen competition. There is the usual proportion of independent stores and cooperative groups scattered throughout the city. In the chain field, the Great Atlantic and Pacific Tea Company, Loblaw Groceterias, Mohican Stores, Wegman Stores (a local chain), and Hart's and Star are the leaders.

Many Star Super Markets are located in shopping centers which have become very popular within the last ten years. Shopping centers are usually found in newly developed residential areas located in many cases in the outskirts of the city. Such centers frequently consist

of from ten to 20 stores, including food stores, drug stores, post offices, theaters, banks, barber shops, hardware stores and others. Parking facilities for from 200 to 1,000 cars are usually provided in these shopping centers.

Other Stars are located in older residential areas. In such cases, parking facilities are not available to such an extent. This is partially compensated for, however, by the closeness of the store to the homes, and the resultant heavy "foot" traffic. Such is the case with Star No. 23.

Lyell Avenue is an important thoroughfare in Rochester. It is an old business street serving a heavy residential area of middle income families. Nearby are some important industries, including several clothing factories, a division of Delco Appliances of General Motors, Bausch and Lomb Optical Company, and Camera Works Division of Eastman Kodak Company, which employ large numbers of people.

There is no Star Market located within three miles of 435-437-439 Lyell Avenue. The closest supermarket competition is about two miles distant, although there are several smaller food stores and a medium size market located within three blocks of the new Star location.

The largest and most desirable piece of property available in this congested area was the parcel selected. While it did not provide for every feature desired in a supermarket development, it did permit a store 65 feet wide and 166 feet deep with a somewhat larger parking area.

Of the 80 Hart's Food Stores in operation as of January 11, 1951, 11 are located within the general area which the new Star Market serves.

A twelfth Hart Store was located directly across the street from Star No. 23, but was closed because its business would have suffered considerably from the competition. This store was very old, and was small in both size and sales volume. The closing of this unit was another step in keeping with the present trend toward self-service stores.

Many large food chains determine store locations through extensive research studies of population density and traffic movement. Hart's Food Stores, Incorporated, relies principally on the knowledge and experience of its executives in regard to local situations, although formal research studies are occasionally conducted. These executives include the company president, vice president, and comptroller.

In regard to Star No. 23, the company's previous successful experience in this neighborhood fortified the conclusion of the probable success of the new store. The 11 Hart Stores located within a one mile radius of Star No. 23 did a total weekly volume of approximately \$19,000 prior to the opening of Star No. 23. This volume of business plus the fact that there was no other supermarket within a two mile radius of the proposed location convinced company executives that this was a logical location for a successful Star Super Market.

The location of Star No. 23 also puts the company in a sound competitive position in this area, not only for the present, but also in the event of additional future supermarket competition.

CHAPTER III

BUILDING PLAN AND CONSTRUCTION

Store Size

After the land was purchased, the company's first step was to decide upon the size of the store. The parcel of land purchased was nearly 150 feet wide and 175 feet deep, or a total area of about 26,250 square feet. It was decided to build a store with a frontage of 65 feet and a depth of 166 feet, making the store area about 10,100 square feet. Approximately 700 square feet at the rear of the store is a loading area for freight deliveries. The parking lot for Star No. 23 occupies over 15,000 square feet.

The company would have preferred a store frontage of 80 or 90 feet, but the size of the lot did not permit it. A larger parking lot would have been desirable, also. The company's usual policy is to provide a parking lot of three times or more the area of the store. The area of the store itself is about 10,100 square feet, while the parking lot occupies an area of over 15,000 square feet. A parking lot much larger in size would have been desirable. Because the area was limited, the above dimensions were deemed necessary. This illustrates a most important point; it is not always possible to achieve every desired feature in a supermarket development. Some decisions are forced upon a food chain by the very nature of the problem.

The company architect was informed that a store 65 feet by 166 feet was desired. The architect then proceeded to design such a store

and render blueprints, working in close harmony with the company executives.

It was found desirable to construct the store of cement blocks faced with yellow brick. Many other Star Super Markets are built similarly, and the company's successful experience with this type of construction justified its use in connection with Star No. 23. A cement block structure is very sturdy and will last for many years. The yellow brick construction creates an attractive store front.

An 11 foot ceiling was decided upon. There are six inches of rock wool insulation above the ceiling. The ceiling height is important as a means of providing effective lighting and ventilation.

Flooring

The next decision to be made concerned the type of floor. The three general types of floors used today in supermarkets are maple, concrete covered with mastic tile, and terrazzo.

The wood floor was found to be undesirable because Star No. 23 is a one story building. Wood floors are very apt to warp when there is no basement in a store, and are susceptible to dry rot.

A concrete floor covered with mastic tile overcomes the main disadvantage of a wood floor, but it cannot compare favorably with the newest type of supermarket floor, terrazzo.

A terrazzo floor consists of two layers of concrete. The bottom layer is laid roughly, and over this is put a smooth layer of concrete. The second layer is mixed with marble dust, which provides a highly

polished floor. There are several advantages in having a terrazzo floor. It is the easiest to keep clean, the most durable, and the best appearing. Its only disadvantage, aside from the fact that it is the most expensive of the three types, is that it is a "hard floor to walk on" for any great length of time. It tends to tire the feet.

It was decided to build a terrazzo floor in Star No. 23. To overcome its disadvantage of being "hard to walk on", a wood floor was substituted in the area of the meat processing room where the people are on their feet most of the day. The floors under the checkout counters were covered with a heavy rubber matting for the same reason. The effect of terrazzo on customers' feet is negligible, because of the relatively short time they spend in the store.

Store Front

The store front is entirely glass from the ceiling level to within 15 inches of the floor level. Above the level of the glass on the store front is a six foot high panel of transparent plastic. Superimposed on this panel are dark green transparent letters that spell out "STAR SUPER MARKET". The panel and letters are illuminated from behind by fluorescent tubing, which makes for a brilliantly lighted, streamlined store front.

A 15 foot pylon of pressed brick extends upward from the roof. From this tower hangs an eight foot green star constructed of stainless steel outlined with green neon tubing. The green star is on an arm protruding from the tower and hanging over the store, perpendicular to

the front of the building. All Star Super Markets have this "insignia" which is visible for a considerable distance, and identifies all Star Markets. The over-all effect is a modern, colorful, well lit store front. The position of the pylon and green star is illustrated in Figure 3, page 57.

Lighting

Interior store lighting is accomplished with six rows of continuous eight foot slim-line fluorescent fixtures, running from the front to the back of the store. The slim-line lights are a relatively new development in fluorescent lighting. They maintain an even hue or color, whereas regular fluorescent lights have a tendency to discolor and give the store an uneven lighting.

Additional fluorescent lights are installed completely around the top level of wall shelving. These are called "cove" lights, and give the store a decorative effect in addition to reflecting light on the shelf merchandise. In front of these "cove" lights are signs such as "paper products" and "drug sundries" that inform the customer where different items are found.

The "cove" lights, store front lights, and Star "insignia" lights are controlled by time clocks which permit these lights to remain on until 11:00 p.m. The effect is to make the store attractive to people passing by at night.

Heating and Plumbing

The heating of Star No. 23 is accomplished through the use of three gas-fired unit heaters, two located in the actual store sales area, and one located in the storage area. The heaters are suspended from the ceiling in such a manner as not to interfere with open refrigerated cases and the produce department. One unit is located in such a way as to keep the cashiers comfortable.

Necessary plumbing facilities include toilet facilities, washrooms for the produce and meat departments, and drains from the refrigerated cases.

The company has experimented with air conditioning in three of its supermarkets. The effect of air conditioning on increased sales volume is negligible in the Rochester area, and this is one of the reasons why Star No. 23 is not wholly air conditioned. Weather Bureau statistics for Rochester indicate that the city gets only about ten extremely hot days a year, not enough to justify the expense of air conditioning. To equip Star No. 23 with air conditioning would cost about \$25,000 today. For the reasons given, Star No. 23 is equipped with air conditioning in only one area of the store, the meat cutting and packaging room, where proper temperatures must be maintained.

The interior walls and ceiling of the store are smooth plaster. The walls are furred to prevent dampness. Above the shelf line, the walls are painted a pastel lemon shade.

The store is equipped with stainless steel doors with heavy plate glass panels. The panels are interchangeable; in summer, the glass

plates are taken out and screens put in. These make practical and attractive store entrances.

A spacious vestibule is located at the east end of the store front. It has two entrances, one from the street and sidewalk, and one from the parking lot. Star No. 23 does not have a customer rear entrance or exit, yet it is convenient for customers who park in the store's parking lot to enter the store through the spacious vestibule. Elimination of a rear door has advantages. It reduces pilferage and theft of merchandise by routing all customer traffic through one set of doors, and it offers better control of the store operation itself.

The more than 15,000 square feet of parking area is covered with black-top asphalt. It allows room for about 50 parked cars. As was mentioned earlier, a larger parking lot would have been desirable. Because there is a heavy residential area in the immediate vicinity of the new store, the "foot" traffic is very heavy. This partially eliminates the need for a larger parking area.

Awarding of Contracts

At the completion of these plans by the architect, contractors were invited to submit bids. The policy followed by the company involves awarding three separate contracts, one for electrical, one for heating and plumbing, and one for general contracting which includes masonry, carpentry, painting, and other requirements. These three contracts provide for complete store construction.

The company follows a definite procedure in awarding contracts. The executives concerned and the architect carefully select five

responsible and reputable general contractors, three electrical contractors, and three heating and plumbing contractors. These contractors are invited to submit bids for the jobs. Plans and specifications for the jobs are submitted to these contractors with instructions that sealed bids will be accepted up to a certain date. All contractors for each of the three jobs bid on exactly the same plans and specifications. On the designated date, bids are opened and examined.

The company policy is to award contracts to the lowest bidders for each of the three jobs. All bids are acknowledged and the contractors thanked. In addition, each contractor is informed of the company that was awarded the job, and the price. By handling the transactions in this open manner, no questions can arise as to the fairness of the procedure.

At this point construction begins under the supervision of the architect.

It may be interesting to note that construction of Star No. 23 began in April, 1950. The contractors informed the company that the building would be completed by November 1, 1950, so that the store could actually be opened for business late in November or early in December. During the summer of 1950, however, the building trades in Rochester went on strike, with the result that the store could not be opened until January 11, 1951.

CHAPTER IV

FINANCING

Cost of Land and Building

The bids accepted for Star No. 23 were as follows:

\$60,269.00	General contract
4,860.00	Electrical contract
5,398.00	Heating and plumbing contract
<u>\$70,527.00</u>	Total

In addition to these three contracts, a charge of \$400.00 was made for surveying. Architect fees amounted to \$4,255.62, or six percent of the total of the three contracts plus the survey cost. Including the cost of the land, the total cost of land and building for Star No. 23 was as follows:

\$60,269.00	General contract
4,860.00	Electrical contract
5,398.00	Heating and plumbing contract
400.00	Survey costs
4,255.62	Architect fees
<u>21,425.00</u>	Land cost
<u>\$96,607.62</u>	Total cost, land and building

It is the general practice of contractors to render bills the first of each month for 90 percent of the work completed during the previous month. The architect then approves these invoices for payment, which is promptly made by the company.

Thirty days after each contractor has fully completed his job, and the work has been approved by the architect, the final ten percent is paid. The ten percent is withheld every month until completion of the job, to guarantee performance according to plans and specifications.

Method of Financing

The company prefers to lease rather than own the property that it occupies. This is not always possible, however, and there are instances where store ownership is the only method of locating in a desired area, as is the case with Star No. 23.

Store ownership presents several serious problems to food chains. First, a large initial capital investment is required. Second, store ownership involves additional accounting and legal proceedings. Third, store ownership means a long-term investment, whereas store leasing permits short-term occupancy if conditions should make this necessary. Most chains handle real estate transactions in one of two ways, either through a separate department within the organization or through a subsidiary corporation.

Hart's Food Store, Incorporated, conducts its real estate transactions through a subsidiary corporation, known as the Realhart Realty Corporation, that was organized to buy, lease, and sell real estate. Its operations are entirely confined to the parent company.

Realhart Realty Corporation was formed for two principal reasons; first, to keep alive the company tradition of never having borrowed money in its own name, and second, to completely divorce the retailing and real estate operations from each other in the conduct of the business.

The company has a history of financing all its operations without borrowing money. Prior to 1938, when the first Star Super Market was opened for business, the problems of store ownership and large capital investments were rarely encountered because practically all of the more

than 130 Hart Stores were leased. When the company first entered the supermarket field, it became apparent that store ownership would be necessary in some cases if the company were going to compete favorably for the consumers' trade in certain areas. In order to permit store ownership and still preserve this tradition, it was decided to organize a subsidiary corporation.

It was also felt desirable to separate the retailing and real estate operations within the organization, based on the principle that the primary purpose of a food chain is to retail food, not to deal in real estate. With this in mind, the board of directors of the company established the subsidiary corporation.

A fairly uniform procedure is followed by Realhart in financing the Star Markets requiring store ownership. In the case of Star No. 23, as with other units, the company made all capital outlays until the building was about one-half completed. Here, Realhart stepped into the picture and reimbursed the company for all the outlays it had made to date.

Realhart then secured a bank loan for 100 percent of the total cost of land and building, or \$96,607.62, at a four percent interest charge per annum for 15 years. In negotiating this loan, Realhart used as collateral a 15 year lease on Star No. 23 previously effected with the parent company, plus a mortgage on the building.

The bank negotiating this particular loan required that it be repaid in 180 equal monthly payments including principal and interest.

Total interest charges for 15 years at four percent per annum are found to be approximately \$32,150.00.¹ The monthly payment required by the bank is determined as follows:

Total principal	\$ 96,607.62
Total interest charges	32,150.00
Total principal and interest	<u>\$128,757.62</u>
Monthly payment = \$128,757.62 ÷ 180 =	\$715.32

Thus the bank charges Realhart \$715.32 per month for 180 months.

In order to repay this loan, Realhart charges the company the same rent, which includes principal and interest, payable in 180 equal monthly installments of \$715.32 each. At the end of 15 years, when the loan is repaid in full, Realhart owns the property free and clear.

Many banks in Rochester require that larger interest payments be made during the beginning years of a loan, and that smaller interest payments be made during the later years. To use a hypothetical example, instead of charging \$10.00 interest payments every month over the life of a loan, a bank may request that the first interest payment be \$20.00, and that the payments decrease in size steadily, so that the final interest payment will be zero.

Some bank loans made for the construction of Star Super Markets are repaid by one method, and other loans are repaid by the other method.

Depreciation

The land and building for Star No. 23 are depreciated at the rate of two and one-half percent a year for 40 years. Based on the total cost of land and building, or \$96,607.62, the depreciation expense amounts to \$2,415.19 per year.

¹ This figure is determined from an interest rate handbook.

CHAPTER V

STORE LAYOUT AND EQUIPMENT

Store layout was decided upon at the time the building was planned. Architects and company executives met to develop the location of departments, equipment required, and space allocation. Store arrangement was the result of these important consultations.

Orders were then placed for fixtures and equipment, and tentative shipping dates were given. As soon as construction progressed to a point where it was possible to accept delivery and begin installations, cases and equipment began to arrive. Carpenters, plumbers, and electricians started the job of placing, erecting, and connecting refrigerated cases, gondolas, coolers, and shelving.

Store Size

The area of Star No. 23 is approximately 10,100 square feet. This is divided into 7,550 square feet of actual selling area and 2,550 square feet of workroom and storage area. The latter is further subdivided into 1,500 square feet for grocery storage, 650 square feet for meat workroom, and 400 square feet for produce workroom and storage, lavatories, and rubbish room. (See Figure 1, page 21)

Grocery Department

Grocery department shelving consists of eight gondolas each 33 feet long, and 74 feet of wall shelving.

STAR NO. 23 LAYOUT

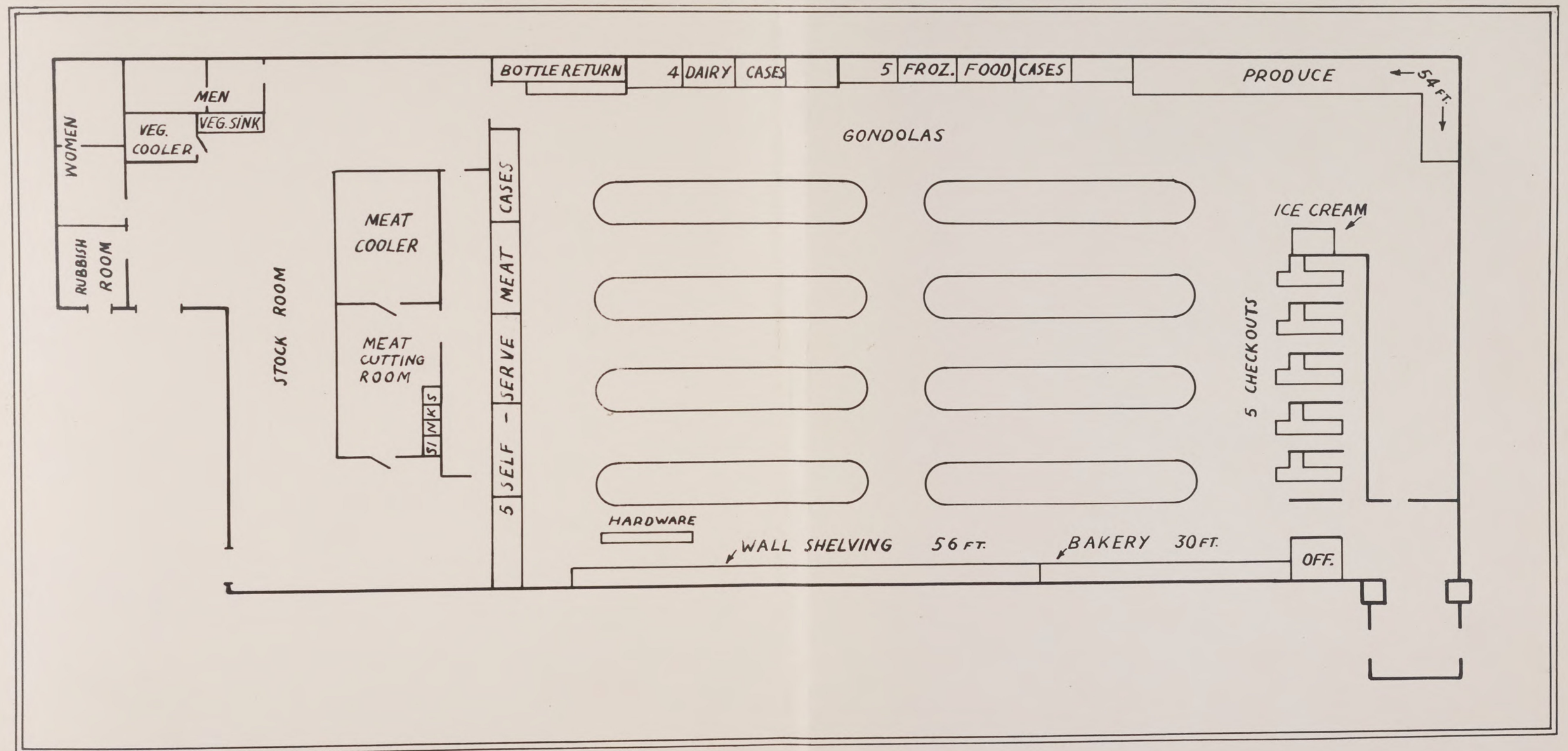


Figure 1

The eight gondolas were built in the company's own workshop at a cost of \$400.00 each. Steel brackets at 36 inch intervals form the skeleton. Welded to the skeleton are arms that support the shelves. When assembled, the shelves are sturdy and carry all the weight of heavily stocked canned goods. The gondolas were built in three sections and received two coats of white paint in the workshop. After arriving in the store, the sections were connected, received a final coat of white paint, and were equipped with white metal price ticket moulding.

One of the gondolas is used for stocking large packages and has only two shelves, one six inches from the base, and the other 42 inches higher. It is used for large packages of soap powders and cereals. One side of the gondola is used for soap powders and the other side, for cereals. The larger packages are stocked on the bottom shelf and the smaller packages on the top shelf.

The seven other gondolas are alike in shelf arrangement with the shelves spaced to receive different size packages. The bottom shelf is the deepest, projecting out farthest, while the top shelf is the most shallow. The bottom shelf takes the largest size packages, the two middle shelves take medium size packages, and the top shelf takes the smallest size containers.

All gondolas have rounded ends which add to the design effect, and permit the use of mass displays. As many as 50 cases of a canned goods feature can be displayed. The eight gondolas permit 16 weekly displays of seasonal items or featured products.

Aisles are spaced so as to permit easy customer shopping. The aisle in front of the dairy and frozen food cases is approximately 12 feet wide for most of the length of the store, while the aisle in front of the bakery and wall shelves is eight feet wide. Aisles between the gondolas are six feet wide, permitting easy and convenient shopping. The aisle in front of the meat cases is nine feet wide, and the aisle between the checkout counters and the gondolas is about ten feet wide. A six foot aisle runs east to west in the center of the store between the gondolas. Wide aisles are necessary so that customers can pass one another, and so that employees can stock the shelves without interfering with customer movement.

Fluorescent lights run the length of the store between the gondolas, thus providing effective lighting. The white ceiling and shelving, together with the light colored terrazzo floor, permit maximum reflection of light on the merchandise.

Additional grocery items are stocked on a 56 foot section of wall shelving. This section has four shelves, the top shelf being 66 inches high. The bottom shelf is the deepest and slants slightly so that packages stand out and are easily reached. Wall shelving was built in the store.

Another section of wall shelving is located on the opposite wall and is 18 feet long. This is the cigarette and tobacco department and also includes the coffee grinding machines. Two Hobart coffee mills are situated in this department.

The cost of building the 74 feet of wall shelving was \$740.00.

Produce Department

The produce rack occupies 54 feet and is the first department encountered by customers entering the store. The principal reason for its location near the front of the store is because of its beauty and attractiveness.

The produce rack extends out 46 inches and slopes from the wall. Mirrors are located at an angle and reflect the merchandise, thereby adding to the selling appeal. "Cove" lights are located at the top of the mirrors and further add to the beauty of the produce department.

The produce rack is made up of removable sections which permit the rack to be cleaned easily and regularly. Stainless steel forms the outside finish of the rack.

Part of the rack is arranged for icing leaf vegetables. The interior of the rack is covered with galvanized metal and a drain is installed so that melted ice can run off.

The other part of the rack is for produce not requiring refrigeration. Removable racks spaced for air circulation protect this merchandise.

While some Star Markets are equipped with refrigerated racks for perishable vegetables, the company is not entirely satisfied with their performance. When heavily loaded with produce, the refrigeration does not work satisfactorily. It is believed that the produce rack in Star No. 23 will do a better job, because it has greater display surface. In hot weather, chopped ice will keep vegetables fresh and crisp, and

the produce cooler in the storage area will protect surplus merchandise.

Two Toledo computing scales are set on platforms on the produce rack. Below are compartment shelves for wrapping paper and paper bags.

Two large bins were built for island displays of produce. These are covered with white tile board. In addition, several small tables were supplied for special displays.

In the storage area of Star No. 23 is a six by eight foot produce cooler, used for surplus fruits and vegetables. This is a used piece of equipment, and hence, it was not necessary to build or purchase a new one. A two-compartment wash basin in the storage area is handy for washing produce, and all trimming is done in this workroom.

Meat Department

The meat department is located across the back of the store. There are two principal reasons for its location at the rear of the selling area. First, customers are drawn through the aisles and are subjected to the many products on the shelves and on display. Second, for more efficient and effective operation, the meat cases should be located near the meat processing room.

Five self-serve meat cases, a total of 55 feet, comprise the meat selling area. The meat cases are refrigerated by three compressors, arranged so that in the event of a breakdown in one unit, the other two can give protection until repairs are made.

Meat cutting and packaging is done in the meat processing room, air conditioned with a three horsepower York unit.

Two meat blocks, a 12 foot cutting table, an electrical meat saw, a slicing machine, a steak cuber, saws, cleavers, knives, sealing irons, and many other tools are required. Convenient holders are provided for storing the many cutting tools.

Two Toledo computing scales are recessed in a table where women clerks weigh, package, and label meat cuts. Within easy reach is a long label rack, stocked with printed labels of every cut. Printed labels are supplied from the main office where a stock is always on hand. This eliminates the need for a printing machine in each market.

Another Toledo computing scale is located on a table in the selling area, available for customers who may want to check on weights.

A 12 by 20 foot meat cooler, of the walk-in variety, was built in sections in the company's workshop. Properly insulated and complete with shelves, it was built at a cost of \$1,200.00, a saving of about \$600.00 if it were purchased from one of the many nationally known manufacturers and shipped from a distant point.

Bakery

The bakery department is a major feature of Star No. 23, as is the case with all Star Markets. A 30 foot wall section and several special tables used in the store aisles comprise the bakery section in Star No. 23. Bakery wall shelving is deeper than grocery wall shelving, and the shelves, except the lowest one used for bread, are slanted. Two rows of fluorescent lights reflect light on the merchandise. Colorful wallpaper, on a panel behind the top shelf, adds to the appearance

of the section. Narrow aluminum moulding provides a space for price cards.

The bakery wall shelving was built in the company's workshop. The whole assembly is supported by iron brackets on which are welded shelf brackets. Plywood is used for shelving. The wall shelving was built in sections and received two coats of white paint before leaving the shop. The sections were assembled in the store and a final coat of white paint applied.

Dairy

The dairy department is composed of four open style, two shelf, self serve cases, set up in a continuous line with no dividing partitions. The cases are refrigerated by two water cooled condensing units of one horsepower each, located in the storage area of the store. By using two condensing units of one horsepower each instead of one compressor of two horsepower, protection is offered against a breakdown in one of the units.

The dairy department also includes two aisle display tables for use in featuring certain dairy products. The gondola opposite the dairy cases is used for such related items as packaged processed cheese and cheese spreads that are not so highly perishable.

Dairy cases are equipped with fluorescent lighting and price moulding.

Frozen Foods

Five open type frozen food cases forming a continuous line comprise the frozen food department.

Five compressors of three-fourths horsepower, one for each case, furnish the refrigeration. Here, also, protection is offered in the event of a breakdown of one unit.

All the compressors in Star No. 23 are water cooled. Company experience has demonstrated that water cooled compressors are more dependable than air cooled units, and stand up better under constant use.

One frozen food case is used for poultry products, another for fish, and three for fruits and vegetables. Because frozen food deliveries are made three times a week, no additional storage case is necessary.

Checkout Counters

Five cashier stands were built in the company's workshop at a cost of \$75.00 each. The checkout counters were changed from the original design shown on the store blueprint. The checkout counters used in Star No. 23 are a type originally developed and used on the west coast that permit the shopping glider to go into the checkout booth where the cashier can pick up each item and place it on the checkout counter with one hand, and register the price on the cash register with the other hand. At the conclusion of the sale, the glider goes through the booth and under the rail, back from where it started.

There are several advantages in this checkout system. First, it overcomes the customers' objection to unloading purchases for the cashier. Second, the cashier must handle each item, thus reducing errors. Third, it eliminates the congestion resulting from empty gliders at every checkout counter. On weekends and during busy week-day hours, a packer speeds up the operation.

Star No. 23 is equipped with five National cash registers, departmentized for separating grocery, produce, and meat sales.

One hundred nickel plated nesting shopping gliders, with large baskets and lower shelves for large packages, and 15 "Baby Nestor" carts, for the convenience of customers who bring infants along, were purchased. These are kept in the front of the store, parallel to the show window, to be picked up as customers enter the store.

Storage Area

Freight is received at the rear of the store. A section of conveyor belt enables merchandise to enter the stockroom quickly from the delivery trucks. Goods are stocked on skids arranged in rows. Two freight handling carts, capable of carrying ten or more cases of merchandise, are supplied. Shelves for broken or part case lots are built along one wall of the storage area. Counters for weighing and packaging bulk merchandise were built and installed in this area. Most case goods are opened and priced in the storage area, avoiding cluttering the store aisles when stocking shelves.

A nine by 12 foot closed off room, rat and vermin proof, with a loading door opening to the outside, takes care of rubbish disposal. Frequent city rubbish collections eliminates the need for an incinerator.

Toilet facilities for men and women are located off the stockroom. Ladies also have a restroom as required by law in New York state.

All compressors are located in one section of the storage area, protected by a wood frame covered with wire mesh. Grease cups are kept filled, and these expensive machines are oiled every two weeks.

Fixture and Equipment Cost

Total cost for equipping Star No. 23 was as follows:

<u>Quantity</u>	<u>Item</u>	<u>Cost</u>	<u>Extention</u>
5	Cashier checkout counters	\$ 75.00	\$ 375.00
8	Grocery gondolas	400.00	3,200.00
	Bakery shelving, 30 feet		300.00
	Grocery wall shelving, 74 feet		740.00
	Produce mirrored rack, 54 feet		1,000.00
	Storage room equipment, including tables, benches, trucks, tools		500.00
	Store display equipment, including tables, racks, stands		500.00
2	Hobart coffee mills	165.75	331.50
5	Toledo commuting scales	196.00	980.00
5	National cash registers	995.00	4,975.00
100	Nickel plated gliders	14.00	1,400.00
200	Wire baskets, for gliders	1.15	230.00
15	Baby Nestor gliders	19.80	297.00
	Neon "Star" exterior, 8 feet		750.00
	Turnstile		75.00
	Manager's office		50.00
	Biro meat saw		490.00
	Meat grinder (chopper), Biro		352.75
	Steak machine (tenderizer)		170.00
	Meat slicer, Globe		867.00
	Meat processing room equipment; blocks, tables, platters, tools		700.00
5	C. V. Hill frozen food cases	715.00	3,575.00
5	York condensing units for frozen food cases, 3/4 horsepower	313.30	1,566.50
4	C. V. Hill dairy cases	536.00	2,144.00
2	York condensing units for dairy cases, 1 horsepower	409.50	819.00
5	C. V. Hill self-serve meat cases	710.00	3,550.00
2	York condensing units for meat cases, 1 1/2 horsepower	482.50	965.00
	York condensing unit for meat cases, 1 horsepower		409.50
	Meat walk-in cooler, 12 feet by 20 feet		1,200.00
	York condensing unit, 2 horsepower, for meat cooler		562.00
	Produce walk-in cooler, 6 feet by 8 feet (used)		250.00
	York condensing unit, 1 horsepower, for produce cooler (used)		200.00
	Air conditioning unit, meat processing room, 3 horsepower		1,300.00
	Ice cream freezing cabinet		375.00
Total cost for equipping Star No. 23			\$35,199.25

CHAPTER VI

DEPARTMENT AND MERCHANDISE LAYOUT

Star No. 23 is composed of six general departments:

- 1) Produce
- 2) Frozen foods
- 3) Dairy
- 4) Meat
- 5) Grocery
- 6) Bakery

The grocery department can be divided into several categories, including canned goods, household supplies, drug sundries, hardware supplies, and others.

A hypothetical customer tour of Star No. 23 will show the arrangement of departments and merchandise.

The accompanying illustration of the store layout will aid in following this hypothetical customer tour. (See Figure 1, page 21)

Customers enter the store through the large, glass enclosed vestibule. Meshed rubber matting helps keep winter snow and ice out of the store proper. The vestibule acts as a windbrake to keep the cold out of the store, especially in front where the cashiers work. Customers then enter the store proper, passing through the turnstile. Room for over a hundred nested gliders is provided near the entrance. A white metal railing directs traffic in the front of the store. Customers entering the store are on one side of the railing, while those leaving the store are on the other side. The railing is high

enough to enable gliders coming through the checkout counters to pass under and be ready to start another trip.

Customers pick up a shiny glider and move ahead to the produce department. In the center are two large display stands. Each holds 30 to 35 cases of citrus fruit. Along the wall, on the produce rack itself, are displayed fruits and vegetables of all kinds. Below the rack are found root vegetables, many of them packaged and ready to be picked up. Stacked high are 15 pound bags of two brands of home grown muck potatoes, United States Number one grade, identified with Star Super Markets. Customers find all seasonal and year-round fruits and vegetables in the produce department.

Leaving the produce department, and moving further along in the same aisle, are five frozen food cases carrying the full line of "Top Frost" frozen foods plus other fish and poultry items. "Top Frost" is the brand sold by the company. Star Markets receive frozen food deliveries three times a week from the company's warehouse.

Occasionally some frozen food item such as strawberries, peas, or orange juice, may be featured on a special table in the aisle. This would be only on a Friday or Saturday. A 50 pound piece of dry ice may be set in a large tray and the frozen food item piled around it. This is only an occasional feature, since it is not advisable to take frozen food out of minus zero temperatures.

Next along the same wall is the dairy department, composed of four, two shelf, refrigerated cases. These are referred to as endless

cases, because they require no center partitions. Each case is 84 inches long, so there is the appearance of one 28 foot streamlined case.

The bottom shelf is devoted to such products as fresh milk and cream which are delivered daily from the company's own dairy. Pasteurized and homogenized fresh milk are available in bottles or paper cartons. Privately branded dairy merchandise receives preferential space in the cases. Margarine and cartoned eggs are also stocked on the bottom shelf. Star Markets enjoy a good consumer acceptance for their quality eggs. Only locally gathered eggs from reputable henery farms within a radius of about 30 miles of Rochester are sold. These are candled, packed, and code-dated for freshness.

The top shelf is given over to butter and cheese. Three grades of butter are carried. "Jersey Belle" brand, a 90 score butter, and "Highland Farms" brand, a 92 score extra quality, are sold in pound prints. "Land O' Lakes" brand butter is available in quarter pound cubes. More than 75 different kinds of cheeses are carried in wedges, slices, packages, and jars.

Usually a display table in the center of the aisle is piled high with some feature cheese. One week it might be a huge "wheel" of Swiss cheese cut in two and surrounded by small packages of Swiss cheese cut in different size packages. Another weekend the special might be cheddar, a "Kraft" assortment of processed cheese, or a "Borden" variety of spread cheese. All prepackaged cheese is wrapped in

cellophane and labeled. The name of the cheese, price per pound, weight, and total price appear on the label.

Continuing along the same wall is a section of shelving and an 18 foot counter. Two coffee mills are located on the counter, serviced by an employee. Customers select the grind, percolator, dripolater, or other, and the clerk quickly grinds it. Concentrating the grinding in this one spot avoids the delays inherent when this service is offered at the checkout counters.

Behind the counter on the wall shelving, are stocked cigarettes and tobacco. Only cigarettes by the pack are available here. Full cartons are displayed and sold at the checkout counters. This is another time saver for the cashiers.

This counter also serves as a bottle refund station. All bottles returned are paid for in cash. So many bottle returns are handled in a supermarket, that there is need for an effective method of coping with the problem if the store is to function smoothly. Some stores accept bottles at the checkout counters where the refund charge is determined and credited to the customer's purchase. This is time consuming and tends to slow the checkout system, in addition to cluttering the checkout stands with empty bottles.

By concentrating these various services in one section of the store, a more orderly operation results, customer service is expedited, and the cashiers' work is made easier. By handling bottle returns at the rear of the store near the storage room, empty bottles are never permitted to accumulate in the store selling area. Empty bottles are

regularly removed to the rear workroom, sorted, and made ready for return to local distributors.

Continuing across the back of the store is the self-serve meat department, comprising 55 feet of endless refrigerated cases in a continuous line. Every package is wrapped in cellophane. Under the cellophane where it cannot be removed or tampered with is a label carrying such information as the name of the cut, price per pound, weight, and total price. Beef, pork, lamb, and veal cuts, and smoked meats and sausages are on display in groups. On top of the cases are such canned meat products as whole and half chickens, whole and half hams, and other canned and processed meats. Several tile top tables are in the aisles where on weekends or special occasions hams, picnics, and similar items are displayed.

On weekends an attendant is on the floor constantly, seeing to it that cases are filled from reserve package stock carried both in refrigerated compartments below the display case shelves and in the meat cooler at the rear of the store. The attendant answers questions and orders special cuts when requested. Meat cutters in the workroom promptly fill such orders. On busy days there is constant need to rearrange and restock display cases. Reserve stock of meats in compartments below the display case shelves is mostly limited to smoked meats, sausages, bacon and cold cuts. Cuts of fresh meat already packaged are stored in the walk-in cooler in trays where better temperature controls are maintained.

Continuing along the other side wall is a section of shelving devoted to drug sundries, baby foods, jams and jellies, and paper

products. In the drug sundry section are stocked the faster turnover drug items. Four complete lines of baby foods are stocked, including "Gerber", "Clapp", "Heinz", and "Beech Nut". In addition, a complete line of "Swift" baby food meat products is carried. The entire length of the deep bottom shelf is devoted to paper products.

A 12 foot narrow display island in this aisle is a hardware counter stocked with all types of household utensils, tools, and other related items. Dozens of household needs and gadgets, such as paring knives, spoons, spatulas, forks, pie dishes, baking dishes, glass and plastic items, fuses, and dry cell batteries are stocked here. New items are added regularly. This is a variety store in itself and it is surprising how wide an assortment of kitchen and household needs are stocked here. This section is four shelves high and most items are displayed in trays. A thousand dollars of "extra" sales are made from this small department each month. The gross margin on these items is considerably higher than the over-all store average. It amounts to about 30 percent as compared to the over-all store average of about 17 percent.

The next section along this wall is the bakery department, located well up towards the front of the store. Customers usually conclude their purchases in this department. It is intentionally located here so that baked goods are on top of the customers' filled glider baskets and are thus not damaged.

The bakery section is 30 feet long and has a deep, flat bottom shelf that is used for the many varieties of bread stocked. Other shelves are slanted toward the customer and display sweet goods and rolls.

Two rows of fluorescent lights so designed as to reflect light on the merchandise on every shelf are used to add to the attractiveness of this section. Two or three tables in the aisle are devoted to daily special featured items.

All bakery products are displayed either in cellophane packages or in cartons, with the exception of some breads which are wrapped in waxed paper. All bakery products are coded to insure freshness. The most important factor in building a profitable business in baked goods is to sell fresh merchandise, because no matter how fine the ingredients are, unless the product reaches the consumer fresh and tender, there is little or no satisfaction from the product.

The company operates its own bakery so that the large majority of baked goods carried in Star Markets are privately branded. Several brands of bread distributed by local bakeries are also carried.

The eight gondolas form the major part of the grocery department. On the accompanying illustration of the grocery department is shown the arrangement of merchandise. Gondola sections are numbered from one to 16. (See Figure 2, page 39)

The arrangement of merchandise is of great importance in a food market. Merchandise must be arranged in such a manner as to provide for easy customer shopping.

Section number one is stocked with canned meats and canned fish. Section number two features condiments, salad dressings, package cheese, and related items. The cheese section is located opposite the dairy cases.

GROCERY DEPARTMENT AND MERCHANDISE LAYOUT

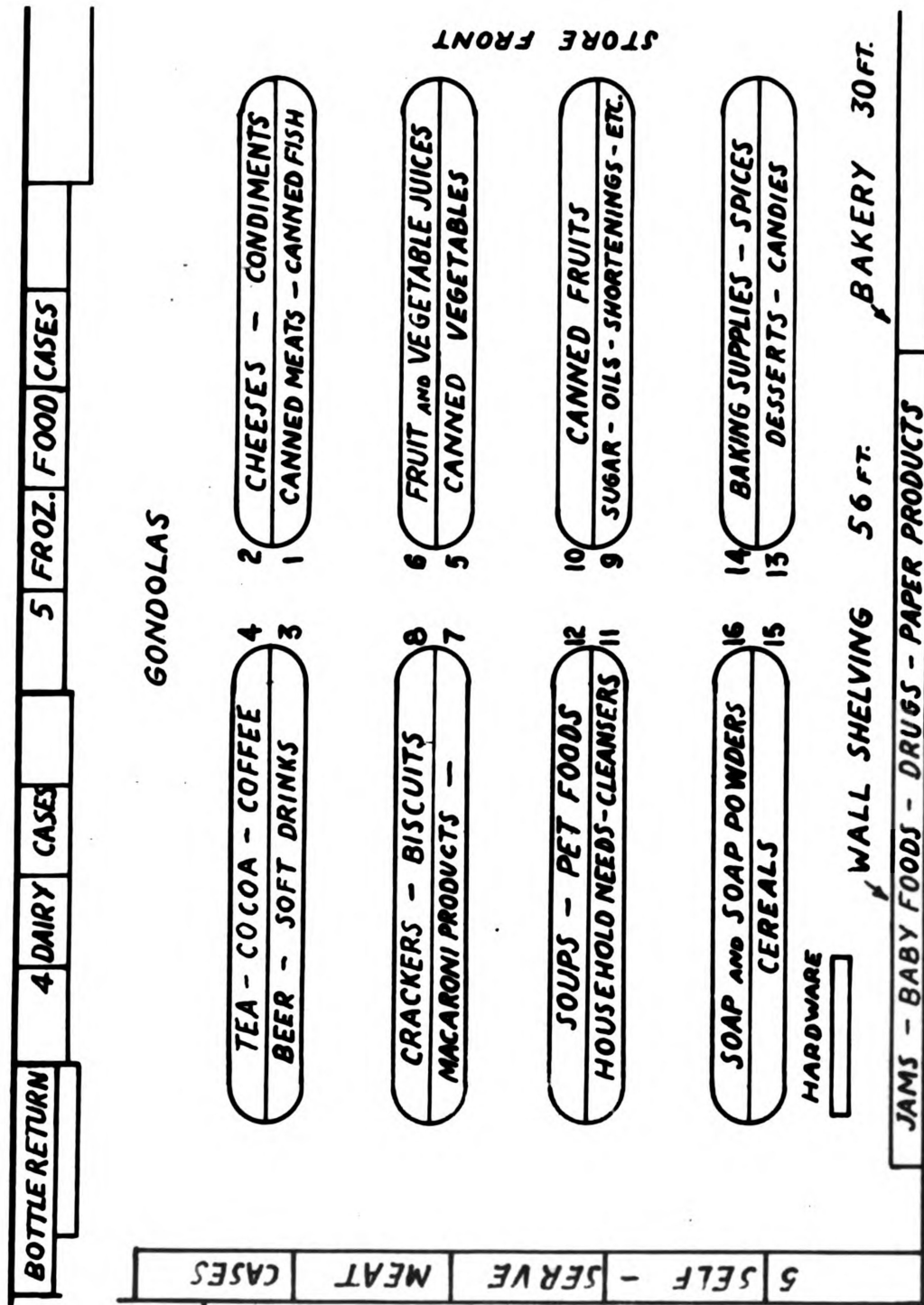


Figure 2

Section number three is stocked with beer and soft drink beverages. This is a most important and profitable section. Six bottle carton sales and case sales mean added sales and profits. Tea, cocoa, and coffee are found in section number four. Directly across the aisle from this section is the coffee grinding counter. In addition to the many national brands of coffee carried, the company's own "East Avenue" and "Star" brands are stocked in one and three pound packages.

Section number five features canned vegetables. In addition to the national brands such as "Del Monte" and "Green Giant", several brands distributed by local manufacturers are also stocked. Fruit and vegetable juices are found in section number six. Many brands, sizes, and varieties are featured.

In section number seven are found macaroni and spaghetti products, dried beans and peas, and other items. Section number eight features crackers and biscuits. Several well known brands are carried including "N.B.C.", "Sunshine", and "Ontario". The larger size packages are stocked on the bottom shelves and the smaller size packages on the top shelves.

Section number nine features sugar, syrups, oils, shortenings, and evaporated milk. Canned fruits are found in section number ten. "Del Monte", "Hunt", and "Dole" are the major national brands carried.

Household needs are found in section number 11. These include cleaners, polishes, brushes and many other items. Canned soups, dog food, and other products are found in section number 12.

Puddings, desserts, and other confections are located in section number 13. In section number 14 are found flour, baking supplies, spices, and salt.

Sections 15 and 16 are specially constructed with only two shelves. In section number 15 are found cereals, the larger sizes on the bottom shelf and the smaller sizes on the top shelf. Section number 16 features soaps and soap powders. The former are stocked on the top shelf and the latter on the bottom shelf.

Customers have now completed their shopping and enter the checkout counters. Here their orders are totaled, paid for, and packaged. Customers then leave the store.

This concludes a customer tour of Star No. 23.

Star No. 23 offers a relatively new service to customers, a store directory. Each group of items stocked, such as jams and canned fruits, is listed alphabetically in the directory and its location, by section, is also listed. The size and shape of the directory resembles a restaurant menu.

In the center of each gondola, extending three feet above the top shelf, is a post to which is attached a sign. Painted on the signs are two numbers, one representing each side of the gondola.

A customer, not acquainted with the store layout and desiring to purchase a can of Campbell's soup, would merely look in the directory to find that soups are stocked in section number 12. This service has met with customer satisfaction.

CHAPTER VII

STORE PERSONNEL AND RESPONSIBILITIES

Staff

Shortly after construction of Star No. 23 began, company executives met to select a manager for the store. The more responsible and capable Hart Store managers were carefully considered before the selection was made. The man finally chosen for the job had been manager of a neighborhood Hart Store in Rochester for many years. His success with the company made this a well deserved promotion.

The new manager was replaced in the Hart Store division, and began training for the managership of Star No. 23 in July, 1950. At that time, it was expected that the new store would be ready for opening in late November, 1950, but due to a strike in the building trades in Rochester during the summer, the opening had to be postponed as indicated earlier in this report. His training program began as early as July for two reasons; first, it would better acquaint him with all the problems and details in supermarket managing, and second, it would allow him to do vacation relief work in other Star Markets, thus adding to his understanding of supermarket managing.

The men selected as meat manager and produce manager for Star No. 23 had been assistant managers in their respective departments in other Star Markets, and were well versed in meat and produce operations, respectively. These were well deserved advancements for both men.

The man chosen as grocery department head was transferred from another Star Market, in this instance, because it was closer to his home and because his progress made him deserving of a promotion.

The new meat manager, produce manager, and grocery department head, required relatively little training because of their familiarity with their particular jobs.

As Star No. 23 neared completion, a want "ad" sign was placed in the store window for cashiers, meat cutters, and stock clerks. There were many applications by school age boys for part time jobs, and no problems arose in obtaining the proper number of conscientious, ambitious part time clerks. It was rather difficult to fill the required number of full time jobs, and advertisements in the daily newspapers were resorted to before sufficient applications were received to select a staff.

The manager interviewed all applicants, with the exception of meat department job prospects. Those who possessed proper qualifications were checked for references. Meat department applicants were referred to the meat division head at the company's main office. The company's personnel director then met with those recommended for jobs, and approved selection of the staff.

This procedure makes for a more harmonious and better disciplined staff because the store manager is recognized as the person who does the hiring, and the person to whom the employees are responsible.

Employees were then given training in preparation for the store opening.

Cashiers were given a two week training program, under the supervision of an instructor at the Rochester Institute of Technology. The company has for several years employed an instructor on a part time basis during the college year and on a full time basis during the summer vacation period. The instructor conducts the cashier training program on a classroom technique. This program is continuous among all Star Market cashiers; refresher courses are given to all cashiers periodically throughout the year. In addition to the two week classroom course, the new cashiers were given actual practice in other Star Markets where head cashiers took over the detailed instruction of operating a cash register, sorting merchandise, packaging orders, and personal relations with customers.

When Star No. 23 actually opened, two of the six new cashiers were left at other stores for three days, and were replaced in the new store by two more experienced cashiers. This arrangement lasted only from Thursday (opening day) to Saturday. On the following Monday, the two other permanent cashiers hired for Star No. 23 took over.

No special training other than that given on the job was felt necessary for stock clerks and produce department clerks.

Meat department employees were given special training in other Star Markets to acquaint them fully with the many details of a pre-packaged meat operation.

In order for a supermarket to function smoothly, each employee must know his duties and responsibilities. These will be discussed in three parts, responsibilities of produce department employees,

responsibilities of meat department employees, and responsibilities of grocery department employees.

Produce Department

The produce manager is responsible for this department. His duties include ordering produce, merchandising fruits and vegetables, pricing items properly, displaying weekend specials, and supervising produce department employees.

Considerable discretion is granted to the produce manager in pricing merchandise so that turnover is high and spoilage low. Every effort must be made to dispose of all produce while it is in prime condition. If iceberg lettuce, for instance, is not selling as expected, the manager may have to reduce the price. If an item of inferior quality should come into the store, the produce manager should cut the price to sell it quickly.

In regard to cutting the price of produce items, the company favors a large initial price reduction. The reason for this practice is because the first loss is usually the least loss. The chances of selling an item after the price is reduced a cent or two are not very good. By taking a large initial price reduction, say half price, that much can usually be salvaged. With a small price cut, the merchandise will usually not sell, with the result that the next day, there is little or no salvage.

The produce supervisor visits each Star Market every day to take the order for the following day. Also at this time, the produce manager and supervisor make necessary price adjustments in merchandise.

The produce manager delegates to one man the job of preparing produce for the rack, which includes trimming and washing. This is primarily a backroom job.

Other produce department employees, both full time and part time, make displays of fruits and vegetables, keep the produce rack properly stocked, wait on customers, and keep the department clean and tidy.

The frozen food section is a part of the produce department. One produce clerk is put in charge of the frozen food cases. Some of his duties are pricing the merchandise and stocking the items. The produce manager assumes the responsibility for ordering frozen foods.

Salaries of produce department employees are about six and one-half percent of produce sales.

Meat Department

Meat department operation is the responsibility of the meat manager. The store manager has no authority over the meat department.

The meat manager checks in deliveries, weighs carcasses and quarters before putting them in the cooler, plans the arrangement of items in the meat cases, orders meat and meat products, supervises help, and generally oversees the entire operation.

Some latitude is granted the meat manager in regard to pricing. If a certain cut of meat does not move as expected, it is the duty of the meat manager to reduce the price.

On weekends, the manager moves among the customers offering suggestions and observing the movement of the many items.

There is constant and careful supervision of the meat department by the meat supervisor who generally calls on the store daily. The special problems involved in merchandising so perishable a product as fresh meat require constant attention. If a store is long or short on a certain wholesale cut, the supervisor will arrange a transfer with another store. In addition to maintaining close personal contacts with his supervisor, the meat manager keeps in touch with the office by telephone each morning, at which time meat specialties are ordered.

Each Saturday night the meat cooler is expected to carry as little meat as possible. In other words, the meat manager must see to it that there is only a minimum stock carried over the weekend. The meat manager takes inventory of his department each Saturday night.

Two meat cutters and five girls who package, wrap, and price the meat cuts complete meat department employment in Star No. 23.

Salaries of meat department personnel average about seven percent of meat sales.

Grocery Department

The store manager is the executive director of the store. His authority extends over every store employee, except those in the meat department. Similarly, the store manager is responsible for the entire store operation exclusive of the meat department.

It is his job to plan, assign, and supervise the work to be done.

The store manager is held responsible for proper ordering of merchandise. Some of this work may be delegated to other employees, but the manager must examine and approve the order before it is turned in. Good judgment must be exercised in ordering to prevent overstocking or understocking of certain items. A store can needlessly tie up several thousand dollars worth of inventory through careless ordering. This will adversely affect stock turnover.

Hiring of employees is a responsibility of the store manager, although all applicants are checked for references by the office. The manager schedules work hours, determines wages and salaries according to pay scales established by the company, and makes recommendations to the company's personnel director for promotions for employees.

The manager handles all cash in the store, with the assistance of the head cashier. While the cashing of personal checks is frowned upon by the company, a certain amount of discretion is left to the manager in this respect. It is his duty, however, to use good judgment, especially in the cashing of personal checks. Cashiers cannot cash checks unless the manager's initials appear on them.

All customer complaints are referred to the manager for adjustment and settlement.

It is his responsibility to enforce company rules and regulations. Employees are forbidden to smoke while on the job, and are expected to be neatly attired. Clerks are expected to wear clean shirts, preferably white, with neat black bow ties. For certain employees, and under

some circumstances, exceptions are allowed. Clerks are supplied with clean white aprons. Cashiers and produce and meat employees wear appropriate uniforms, which are attractive and serviceable. The green star insignia appears on these uniforms. The manager and his assistant wear short coats upon which are embossed their titles.

The manager is expected to make best use of all literature and display material sent to him each week from the office. It is his duty to carry out all price changes authorized by the office and to maintain proper records. Such records include daily sales by departments, total store sales, number of customers, and average sale per customer. The manager makes out payroll reports which are turned into the office from where payment is made by check.

The bakery department is the responsibility of the store manager. Among his duties in this regard are the ordering of baked goods each day and the supervision of the movement of this merchandise. Each day when the bakery order arrives, the order for the following day is placed with the truck driver. If, during the day, the store should be running long or short on any item, the order for the next day can be adjusted anytime before five o'clock in the afternoon. Due to the perishability of baked goods, careful supervision must be exercised. Merchandise not sold on the day it is delivered, must be sold first the next day. Any baked goods remaining after the close of business on Saturday night, are returned to the company's bakery Monday morning.

The manager delegates the care of the bakery department to one of the cashiers and one of the grocery clerks. General responsibility

for the department, however, belongs to the store manager.

The manager holds a responsible position in the company and his authority is undisputed and upheld whenever questions arise. The company feels that a manager will do his best when given such authority. A good profitable operation reflects the caliber of the store manager.

The assistant store manager, or grocery department head, is responsible for grocery operations. It is his duty to check in grocery freight orders and vendors' deliveries, and to directly supervise the grocery clerks. The assistant manager observes the movement of stock on the shelves, and sees to it that the shelves are always properly stocked.

Grocery clerks are assigned to different gondolas and are responsible for keeping their shelves adequately stocked. One grocery clerk takes charge of the dairy cases and another, the bakery section. Their other jobs include keeping the floors clean, packing for the cashiers, and carrying out customers' orders.

Cashiers have many duties in addition to cashiering. One keeps the bakery section stocked, another has charge of the candy section, and another helps stock the dairy cases. The head cashier arranges cashier work and lunch hours, assists with certain store records, checks cash register readings, and acts as relief cashier during lunch hours. During lull hours, the cashiers dust the shelves and do other house-cleaning. Salaries of cashiers average slightly less than one percent of total store sales.

The cost of grocery department help in relation to grocery department sales averages about three percent, excluding the store manager's salary.

Store employees are not unionized.

Total store wages and salaries run slightly less than six percent of total store sales.

Star No. 23 and its staff are now ready for opening day preparations.

CHAPTER VIII

OPENING DAY PREPARATIONS

Stocking

Opening day was set for Thursday, January 11th.

In the early part of the previous week, the grocery order was made out, to be delivered on Saturday, January 6th.

By Friday, January 5th, all fixtures and equipment were set up and connected, refrigerated cases were tested, and all tools for the grocery, produce, and meat departments were put in place.

Friday was devoted to cleaning and washing the entire store, and preparing for the grocery order to be delivered the next day. The floor was mopped and then treated with a preparation that seals it and makes future cleaning an easier job.

Freight trucks loaded to the tailboard began arriving at Star No. 23 early Saturday morning, January 6th. Case after case of merchandise was rolled into the store. The manager checked each case against the invoice order, while another man immediately crayoned the retail price of the merchandise on the outside of each case. A third man sorted the cases according to the gondola on which the merchandise was to be stocked. Then stockboys, each in charge of a gondola, took the cases out to the proper aisles on freight handling trucks.

No shelf stocking was done that day. By late afternoon, however, all cases were either lined up in the aisles or put on skids in the

storage area. Perishable dairy products, such as butter and cheese, were stored in the refrigerated cases.

The big job of putting the merchandise on the shelves was scheduled for the next day, Sunday.

On Sunday morning, about 40 men, many of them from other Star Markets, arrived at eight o'clock. These men were familiar with super-market stocking.

Shelves began to fill up. Cases were opened and merchandise was priced and put on the shelves as fast as experienced hands could work.

By four o'clock in the afternoon, every case of merchandise, except reserve stocks, was on the shelves. The empty cases and cartons were then taken out of the aisles, and the floors swept.

On Monday and Tuesday, deliveries by vendors began to arrive. Many salesmen, such as those representing the cracker and baby food companies, stocked their own shelves. Meat and meat products arrived and were stored in the meat cooler. Many less perishable produce items, such as potatoes, onions, and citrus fruits, were delivered and properly stored. Frozen foods arrived and were immediately stored in the frozen food cases.

Girls were kept busy packaging bulk goods, such as certain cookies, candies, and dried fruits. Other girls sliced, weighed, wrapped, and priced cheese. Still others put price tickets on the shelf price moulding.

On Tuesday, meat department employees, with the assistance of additional help borrowed from other Star Markets, prepackaged cold cuts

and processed meats. These were then stored in the meat cooler.

Wednesday, January 10th, was devoted to preparing the store for the "Grand Opening", the following day.

Fresh perishable produce arrived Wednesday afternoon, was washed and trimmed, and then put in the produce cooler. Fresh meat cuts were prepackaged and stored in the meat cooler. Dairy cases were stocked with all the dairy products, except milk, which was to be delivered early Thursday morning. Some baked goods were put on the shelves Wednesday, but most bakery merchandise arrived early Thursday morning.

The store windows were sparkling clean and a large sign proclaimed Thursday, January 11th, as "Grand Opening Day". Through the windows could be seen many of the free prizes that were to be given away during the first three days.

About four o'clock on Wednesday, the entire staff of Star No. 23 met with company officials for a short meeting. Employees were welcomed into the organization and were briefly instructed on the few, but important, rules and regulations of the company. Cooperation was asked from all to make Star No. 23 a happy place in which to work. Courtesy and helpfulness to customers, and personal attire and cleanliness were emphasized. It was a short, but spirited and enthusiastic, meeting. Everyone went home happy, looking forward to the next day, the "Grand Opening".

Value of Stock

When the doors of Star No. 23 were opened for business at eight o'clock Thursday morning, January 11, 1951, the total value of stock

in the store was \$36,650.18 at cost. This was broken down by department as follows:

Grocery	\$28,516.27
Meat	5,971.43
Produce	2,162.48
Total	<u>\$36,650.18</u>

The value of this merchandise at retail approximated \$50,000. In addition, store stocks of all merchandise were replenished on Friday and Saturday of opening week. The above figures represent only the cost of the stock on hand on Thursday morning.

Advertising and Publicity

This is one of the most important factors in the development of a supermarket. If extensive advertising and publicity are not used to acquaint the buying public with the new supermarket, the success of the store is jeopardized. Because a supermarket represents a substantial investment, it is vital that effective advertising and publicity be used in conjunction with opening day preparations. A dramatic store opening will attract more customers, and the more customers who visit the store during its opening days, the more who will become regular store patrons.

With this in mind, the advertising department of Hart's Food Stores, Incorporated, began to set up a publicity program that would accomplish the best results. Planning for this program began many months before the store actually opened for business.

Shortly after the land was purchased for Star No. 23, a huge billboard was erected on the parking lot announcing the construction of

another Star Super Market.

When construction had proceeded to a point where the store front was completed and glass was installed, huge cutout letters spelling out "STAR SUPER MARKET, OPEN SOON" were pasted on the glass. These remained in the store window until Star No. 23 was ready to open.

On Wednesday, January 10th, a full page advertisement appeared in the Rochester Times Union, the evening newspaper, announcing the "Grand Opening". The next morning, the same advertisement appeared in the Rochester Democrat and Chronicle. This was an institutional type advertisement; no merchandise or prices appeared in the copy. The advertisement told about the new Star Super Market, illustrated the store front, showed the store location through the use of a map, indicated the parking area, and described the free prizes to be given away. (See Figure 3, page 57)

On Thursday evening, January 11th, a double page advertisement appeared in the same evening paper and was also run in the Friday morning edition of the Democrat and Chronicle. This advertisement was devoted to the many low price items accompanying the "Grand Opening". It proclaimed that all Star Super Markets joined in the celebration.

Another phase of the publicity program was the distributing of four page price advertisements to 60,000 homes in Rochester and the three nearby towns in which Star Markets are located. Schoolboys were hired to distribute these forms on Wednesday afternoon, January 10th. The streets to be covered were mapped out in advance. Distributing of the forms by the schoolboys was supervised by the personnel of Star No. 23.

FREE PRIZES
AT THE NEW
LYELL AVENUE
STAR MARKET

IF A CASHIER FOR FREE T-LETS, YOU
DO NOT HAVE TO MAKE A PURCHASE

GRAND PRIZE!
FRIGIDAIRE
\$259⁷⁵

ABC WASHER
\$139⁰⁰

MORE PRIZES!
2. JEWELRY CASES - ONE 1000 - 1000
2. CASH PRIZES - 1000 - 1000
2. CASH PRIZES - 1000 - 1000
2. CASH PRIZES - 1000 - 1000
2. CASH PRIZES - 1000 - 1000

TREMENDOUS VALUE PACKED GRAND OPENING

STAR'S POLICY...

At this new market and at every Star... we promise you a continuation of good foods AT PRICES AS LOW or LOWER than any other Market EVERY DAY in the week. PLUS Extraordinary Values on the important weekend Shopping Days.

A new Star is born... A Brilliant Super Market to serve another important community. Come to the Gala Opening! See the tremendous variety of grand values... Enjoy browsing through the wide aisles that lead to the best in nationally known foods. Visit the sparkling Self Serve Meat Department where each cut of quality meat is wrapped in gleaming cellophane and plainly marked as to cut, weight and price... see crisp and fresh Fruit and Vegetables... the wonderful Dairy Department and Baked Goods that are oven fresh. Don't miss out on the many special attractions... valuable coupons for merchandise, besides a chance to win the prizes listed on this page.

**NEW 1951
MODEL**

OPEN-
**THURSDAY
JAN. 11th**

AT 8:30 A.M.



**OPEN FRIDAY
NITE till 9 P.M.**

437 LYELL AVE

Figure 3

The company feels that this form of publicity is very effective because there is no competition for readership, such as there is with newspaper advertisements. This type of publicity is used in connection with all Star Market openings and occasionally for other special events.

Radio announcements heralding the "Grand Opening" of Star No. 23 were used during the week beginning Monday, January 8th. Four spot announcements over each of two local radio stations were used every day from Monday through Saturday. These announcements described the many attractions and values to be found at Star No. 23.

The store was beautifully decorated for the "Grand Opening". Pennants in many colors were strung on ropes from the top of the pylon in all directions. Store windows were sparkling clear. Only a very few signs were in the windows so that people passing by the store front were able to see the entire store interior for the first time. The Star "insignia" sign hanging from the tower was visible for many blocks.

A million candlepower searchlight mounted on a truck and lighted by its own power plant was engaged for Thursday, Friday, and Saturday nights of opening week. The truck was parked in the store's parking area. Rays of light could be seen for many miles and caused much public attention. Local newspapers commented on the publicity stunt, describing the powerful rays of light, and indicated that it was used in connection with the opening of the new Star Super Market.

In order to further dramatize the "Grand Opening", ten valuable household appliances were purchased by the company to be given away free to holders of lucky numbers. This promotion received wide

publicity in the company's newspaper advertisements, over the radio stations, and in the store windows. Each person entering the store on Thursday, Friday, and Saturday of opening week was given a double ticket, similar to a theater ticket. On both parts of the ticket appeared the same number. One part was deposited in a box situated near the exit door, while the other part was retained by the holder.

On Monday morning, January 15th, the drawing took place in the store in view of a large number of people. Ten tickets were drawn and the winners received prizes in the following order:

<u>Quantity</u>	<u>Prize</u>	<u>Unit Retail Value</u>	<u>Total Retail Value</u>
1	Frigidaire	\$259.75	\$259.75
1	A B C Washing Machine	139.50	139.50
2	Dormeyer Food Mixers	42.50	85.00
2	Canfield Toasters	23.95	47.90
2	Silex Steam Irons	17.95	35.90
2	General Electric Roasters	39.95	79.90
			<u>\$647.95</u>

The total retail value of the free prizes given away was \$647.95.

The prizes were on display in the store during the opening days for customers to view.

Lucky ticket numbers were posted on a board in the store so that holders could see the winning numbers. As the winners claimed their prizes, their names and addresses were filled in on the board and were also published in the Star Market newspaper advertisements the following week. Company executives feel that this publicity stunt was well worth the cost of the prizes, in view of the public interest aroused.

Opening day preparations are now completed.

CHAPTER IX

CONCLUSIONS

Sales of Star No. 23

The author feels that the presentation of the actual sales volume of Star No. 23 for the nine weeks following the "Grand Opening" is essential in concluding this report.

Sales by department, customer counts, and average sale per customer for each of the three opening days are presented in Table I.

In relation to Table I, Friday sales are practically always larger than Saturday sales because Star Markets remain open until nine o'clock on Friday nights, thus giving three additional shopping hours. Also, factories located near Star No. 23 issue pay checks on Friday afternoons.

In Table II are presented the sales by department, customer counts, and average sale per customer for each of the first nine weeks after the opening of Star No. 23.

Customer count and average sale per customer are very important figures. It can be seen in Table II that with the exception of the week of March 12th to 17th, the difference in average sale between the highest and lowest weeks was only \$.18. This brings out the fact that increased traffic means fairly proportionately increased sales volume.

TABLE I

SALES OF STAR NO. 23 FOR THREE OPENING DAYS*

Date	Department		Total	Customer Count	Average Sale
	Grocery	Meat Produce			
Thursday January 11	\$ 2,714.01	\$ 1,110.48 \$ 722.65	\$ 4,547.14	1,437	\$3.16
Friday January 12	6,313.24	2,557.96 1,491.46	10,367.56	1,935	5.36
Saturday January 13	4,411.81	1,659.93 1,006.56	7,079.30	1,633	4.33
Three day Totals	\$13,444.06	\$5,328.27 \$3,220.67	\$21,993.00	5,005	\$4.39

* Taken from store records of Star No. 23

TABLE II

NINE WEEK SALES OF STAR NO. 23*

Week	Department		Total	Customer Count	Average Sale
	Grocery	Meat Produce			
January 15-20	\$19,611.11	\$4,055.34 \$2,170.17	\$16,836.62	4,203	\$4.01
January 22-27	10,377.55	4,063.05 1,899.64	16,340.24	4,082	4.00
January 29-February 3	10,222.36	3,983.86 1,810.09	16,016.31	3,893	4.11
February 5-10	10,088.20	3,810.12 1,906.13	15,804.45	3,817	4.14
February 12-17	10,601.14	4,112.88 1,865.22	16,579.24	4,112	4.03
February 19-24	10,609.96	3,995.13 1,799.41	16,404.50	4,095	4.01
February 26-March 3	10,915.37	4,216.20 1,877.09	17,008.66	4,164	4.08
March 5-10	10,124.20	3,708.16 1,922.37	15,814.73	3,782	4.18
March 12-17	10,695.98	4,089.40 1,996.63	16,782.01	3,907	4.30

* Taken from store records of Star No. 23

Effect on Nearby Hart Stores

As mentioned earlier, there are 11 Hart Stores located within a one mile radius of Star No. 23. A twelfth Hart Store was located directly across the street from the new Star Market, but was closed because its sales volume would have suffered greatly as a result of the new competition. (See Figure 4, page 64)

In Table III are presented the average weekly sales volumes for December, 1950, and February, 1951, for each of the 11 Hart Stores located within the one mile radius. These figures show the Hart Store sales before and after the opening of Star No. 23.

These results proved very surprising. Prior to the opening of Star No. 23, it was feared that the sales volumes of many of these Hart Stores would be seriously affected. The results show that only two Hart Stores, No. 14 and No. 93, experienced any decrease in sales in February. Store No. 14 is located closest to Star No. 23, while store No. 93 is located about one mile away.

Six Hart Stores experienced increased sales during February, while three stores showed no increase or decrease.

Several reasons can be given for these astonishing results. First, many of these Hart Stores are well entrenched as a result of having done business in these neighborhoods for over 30 years. Second, most of these stores are well managed by men who have operated their stores for many, many years. Third, it appears that many families in this area are satisfied with the older service type stores, and are not willing to change to the more recently developed self-serve supermarket.

LOCATION OF 11 HART STORES WITHIN ONE MILE RADIUS OF STAR NO. 23

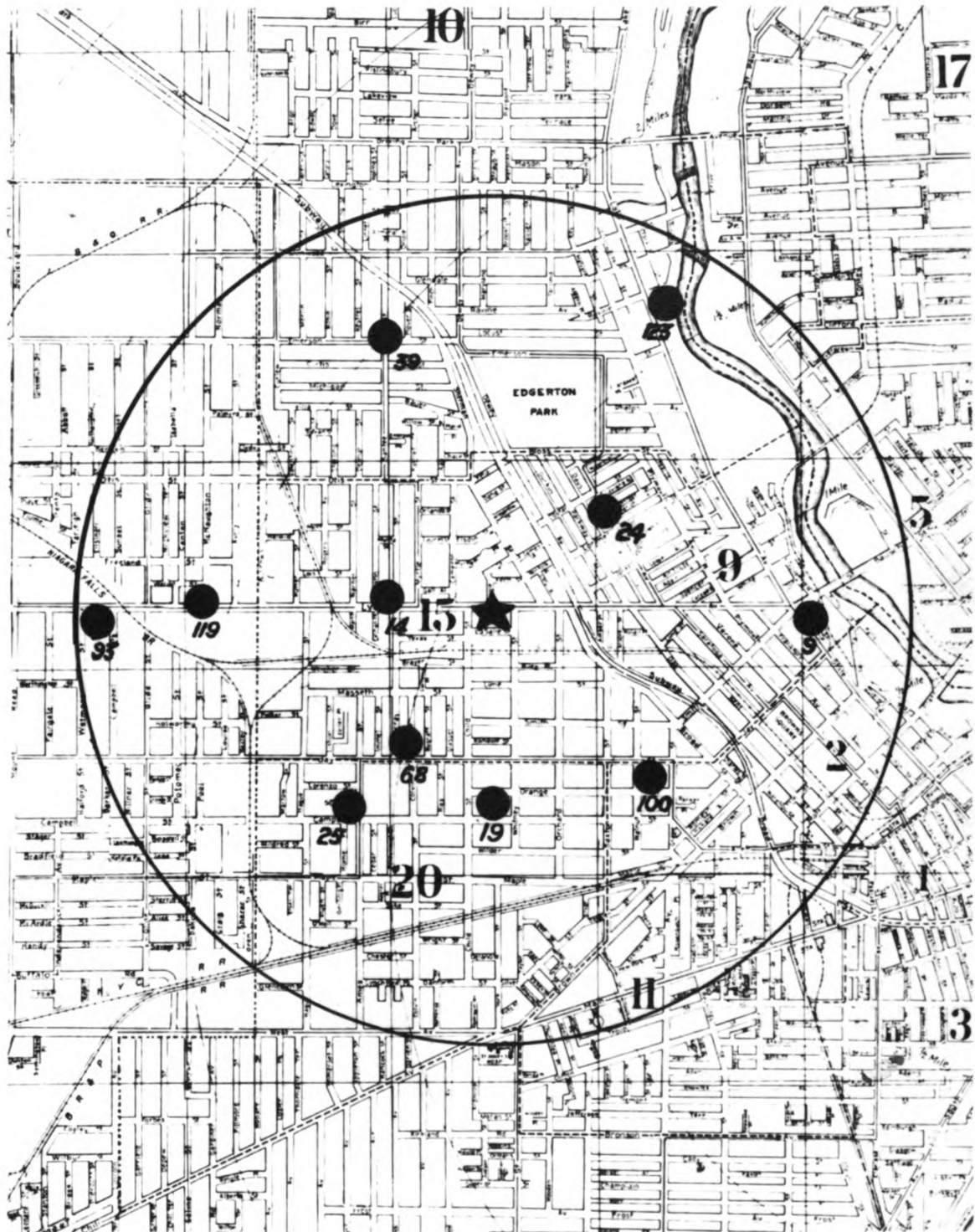


Figure 4

TABLE III

SALES OF 11 HART STORES LOCATED WITHIN ONE MILE RADIUS OF STAR NO. 23*

Hart Store	Average Weekly December Sales	Average Weekly February Sales	Increase or Decrease
No. 9	\$1,645	\$1,740	/ \$ 95.
No. 14	2,200	1,930	- 270
No. 19	1,000	1,000	---
No. 24	2,100	2,250	/ 150
No. 25	3,800	4,000	/ 200
No. 39	1,385	1,385	---
No. 68	1,040	1,065	/ 25
No. 93	1,300	1,125	- 175
No. 100	1,100	1,115	/ 15
No. 119	1,010	1,010	---
No. 123	2,500	2,725	/ 225
Total	\$19,080	\$19,345	/ \$265

* Taken from office records of Hart's Food Stores, Incorporated

Specific Conclusions

The following specific conclusions can be drawn as a result of this report:

1) The time element is of great importance in developing a supermarket. Actual construction of Star No. 23 began in April, 1950, in the hope that the store would be ready to open for business at the end of November. A local building trades strike postponed the opening until January 11, 1951. Excluding the time lost as a consequence of the strike, total completion of the store required about eight months. Including the many weeks spent in determining a location for the store, the supermarket development required almost one year.

2) The cost of constructing, equipping, and stocking a supermarket represents a substantial investment. In the case of Star No. 23, this investment amounted to \$168,457.05, broken down as follows:

Total Cost of Land and Building	\$96,607.62
Cost of equipment and fixtures	35,199.25
Cost of Initial Stock	36,650.18
Total Investment	<u>\$168,457.05</u>

3) A supermarket development requires great effort and planning. The many plans, details, and problems that are presented demand painstaking study if the supermarket is to be a success.

4) The selection of supermarket locations is a major problem confronting food chains. The size and financial position of the chain determines to a large extent the techniques to be used in selecting locations.

5) Most food chains would rather lease their stores than own them, although occasionally store ownership is necessary if a chain is to compete effectively in certain neighborhoods.

6) Real estate transactions are usually handled in one of two ways, either through a separate department within the organization or through a subsidiary corporation.

7) Store layout must provide for easy customer shopping.

8) Supermarkets should be modern in construction, appearance, equipment, and general layout.

9) A successful supermarket demands capable and efficient personnel.

10) Opening day preparations, especially effective advertising and publicity, go a long way toward assuring the success of the store.

11) Records of customer counts and average sale per customer are of great value in determining sales trends. Such records also indicate reasons for these trends.

12) Although service-type food stores are gradually and steadily decreasing in importance as retail food units, they are still a vital retail institution in many neighborhoods, and undoubtedly will continue this way for ten to 20 years.

13) It must be realized that some problems encountered in supermarket developments cannot be solved to perfection by the very nature of the problems. It is sometimes necessary to resort to compromises and alternative decisions.

14) The general trend in food retailing in this country is definitely toward the supermarket and away from the service-type store. The buying public is decidedly in favor of this relatively new type retail institution. A bright future lies ahead for the supermarket.

ROOM USE ONLY

Fe 7 '52

Fe 29 '52

Mr 25 '52

Ja 16 '52

Ja 23 '53

SE 9 '53

Ja 5 '54

MY 5 '54

Oct 26 '55

Feb 20 '56 *ppm*

Oct 22 '56

Aug 4 '58

Sep 29 '58

Nov 11 '58

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