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ABSTRACT

THE ACCEPTANCE AND USE OF SPECIAL SERVICES BY SELECTED SUPERMARKET OWNER-MANAGERS IN MICHIGAN

by Kendall Alfred Adams

Approximately half of the total United States retail food sales during 1960 were made through stores classified as members of either a voluntary or cooperative group. Many of these were single unit, owner-managed stores.

The first cooperative or retailer-owned organization was formed in the late 1800's. These organizations emphasized improvements in the process of buying grocery type merchandise for resale.

In the 1920's a new type of organization had developed in the wholesale grocery business. Firms following this organizational type have become known as voluntary-group-sponsoring wholesalers. They were considered to be new because, in addition to the usual activities of grocery wholesaling, they could provide assistance in the performance of various retailing activities.

Today, both organizational types (cooperative and voluntary) perform various special services designed to aid

retailers. By becoming a member of a group, an individual supermarket owner-manager can claim the services of specialists and the advantages of scale of output previously attained only through larger supermarket organizations.

Several limitations inhibit the successful specialization of functions between retailers and wholesalers. The limitation emphasized in this study concerned the retailer's willingness to change operating practices and his ability to realize objectives associated with his changes in operating practices.

In order to learn more about the changes likely to occur in retailing practices and the objectives of these changes, twenty-five specialists and executives were interviewed. These specialists and executives were employed by two grocery wholesaling firms, one a voluntary-group-sponsoring and the other a retailer-owned or cooperative type wholesaler, doing business in the state of Michigan.

Following the interviews with the wholesalers' employees, a schedule was prepared. The purpose of the schedule was to find out from retailers using the services: (1) how effective the services had been in terms of influencing changes in retailing practices; and, (2) if the retailers had realized objectives associated with certain services.

In the interviewing process, all questions and statements in the schedule were read to each of the 54 retailers sampled. Each retailer would give his response by stating his choice listed on a five point scale ranging from agree emphatically to disagree emphatically. The responses were compiled into two samples depending on whether the retailer was affiliated with the voluntary group or a member of the cooperative group.

The advertising service of both wholesalers was rated very favorably in terms of objectives realized. This was true even though the advertising service was performed quite differently by the two wholesalers.

A much higher proportion of retailers in one sample had realized the objectives of the meat wholesaling service than had the retailers in the other sample. The more successful meat wholesaling service tended to require more delegation of authority from the retailer to the specialists.

The accounting service in each sample had been an important influence on changes made by the retailers. However, the accounting service of the wholesaler who required retailer participation was noticeably more effective in bringing about changes in operating practices than was the similar service of the other wholesaler.

Concerning meat retailing and other store operating practices, the personal call of the specialist (supervisor, fieldman, or coordinator) had influenced over half of the changes made by those retailers who had made changes. However, the supervisory specialists in either sample had not been able to influence more than a third of the retailers to make the changes enumerated in the interview schedule.

At least 65 per cent of the retailers in each sample had used, or would use if needed, the long-run services titled store engineering, store site selection and financial aid. The smallest proportion of retailers in each sample were interested in the financial aid service.

Some form of personnel training for retail employees was offered by each of the two wholesaling organizations. About one-third of the retailers in one sample and about two-thirds in the other sample wanted their wholesaler to provide more in the way of retail personnel training.

Results of the study indicate that retailers can identify objectives associated with certain special services. For those retailers who had made changes in certain operating practices, the supervisor was frequently an important factor influencing their change. However, the supervisors had not been too effective in influencing all retailers in either sample to make changes in the operating practices studied.

THE ACCEPTANCE AND USE OF SPECIAL SERVICES BY
SELECTED SUPERMARKET OWNER-MANAGERS IN MICHIGAN

By

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PREFACE

Approximately eight per cent of the nation's population are now employed in agricultural production. Probably fewer will be needed in the future.

Passage of the Morrill Act in 1862 assured financial solvency to a college in any state chartered by the legislature of that state to teach the agricultural and mechanic arts and allied sciences. Land grant colleges developed throughout the nation and became well known as centers of research and teaching in agricultural production methods.

During my stay at Michigan State University I was reminded on several occasions that this is a land grant university. It is probably well to be so reminded. Quite obviously this university has not grown to its present size in order to serve only the agricultural community. This would be true even though potential agriculturalists coming here are educated first for citizenship and secondly for an agricultural career.

I have also learned during my stay that land grant refers to an educational philosophy, as well as a legal description. This philosophy emphasizes the benefits man can attain from the application of science and systematic

study to tasks that make up his daily life. Certainly, these tasks have become no fewer in our shift from an agrarian to an industrial society. However, the tasks performed in daily commerce, through which our nation has grown and prospered, have long since changed considerably from those associated only with the agricultural and mechanic arts.

The institutions and activities typically associated with retailing and other marketing agencies are of particular interest to me. The importance of marketing to the food industry is emphasized by the fact that the farmer's share of the consumers' food dollar has tended to be less each year for some time. Retailing requires a larger share of this food dollar than any other marketing agency or handler in the channel of distribution from producer to consumer.

About 60 per cent of retail food sales in the United States are made by retailers who own and manage their own stores or else by business units in which there are fewer than 11 stores under central ownership and control. Thus, these stores could have difficulty procuring the benefits of specialization on their own because of their limited scale of operations. It would appear that a great potential exists for cost reduction through specialization of certain food retailing activities. However, only a few studies have been made of factors limiting the realization of this cost reduction.

This study is concerned with evaluating the effectiveness of some types of specialization among 54 owner-managed supermarkets in the state. The stores studied belonged to one of two groups of supermarkets. Group membership gave each owner-manager access to some types of specialization which he would probably not be able to duplicate on his own or buy in the open market for an equivalent price.

The writer is greatly indebted to the Agricultural Economics Department in the College of Agriculture for its generous co-operation in making this study possible. One member of the department, L. L. Boger, I would mention especially. His encouragement, given when least deserved but most needed, was the factor that decided the completion of this study long before it was finished.

Each member of my advisory committee, Professors E. A. Brand, V. L. Sorenson, and S. C. Hollander, chairman, offered constructive advice and criticism at various stages in the development of this study. I would like to pay particular recognition to Professor Hollander who bore most of the load of reading my manuscripts and advising me on various aspects of the study. His guidance during this study will continue to be an influence to my career.

A great deal of gratitude is due Mrs. Arlene King

and various typists under her direction for typing assistance. Her cheerful attitude and efficient manner was very much appreciated.

Without cooperation from the wholesalers and retailers who participated, this study could not have been conducted. Their contribution is gratefully recognized.

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CHAPTER I

INTRODUCTION

The Study

This is a study of how selected retailers in the State of Michigan have used some special services provided by their affiliated wholesalers. The subjects in the study consisted of two wholesalers and 54 owner-managed retail food stores. The stores were divided into two samples. Each sample was affiliated with one of the wholesalers.

Using trade census terms, one of the wholesalers could be classified as a voluntary-group-sponsoring wholesaler. The other wholesaler could be classified as a retailer-owned (sometimes called a cooperative) organization.

The voluntary-group-sponsoring wholesaler, referred to as firm A in the study, had several identifying characteristics. It was a publicly owned corporation; retailers were not required to invest in firm A before making their purchases; all retailers making purchases from firm A identified their stores by using firm A's trade name.

The retailer-owned wholesaling organization, called firm B in this study, required retailers to invest in firm B

before they could make purchases from it. Having made the required investment, a retailer was permitted one vote in matters referred to the retail members by the board of directors. Patronage rebates were paid by firm B to the retail members.

For trade census purposes, retailers who bought from firm A could be classified as members of a voluntary group. Retailers who bought from firm B could be classified as members of a cooperative group. Approximately half of total United States retail food store sales during 1960 were made through stores classified as members of either a voluntary or a cooperative group. The structure and nature of these groups will be discussed more fully in Chapter II.

Each of the two wholesalers provided similar special services for its affiliated retailers. In this study, these services have been given the following titles: (1) retail advertising; (2) meat wholesaling; (3) meat retailing supervision; (4) store record keeping; (5) store supervision; (6) long-run services: store remodeling, store site selection, financial aids.

Standard definitions of special services do not exist. However, special services appear to be primarily useful when applied in the performance of food retailing. The traditional services of food wholesalers have emphasized time, place and

possession utilities through the buying and selling of goods for resale. Special services, as defined in this study, are activities of grocery wholesalers designed to aid retailers in performing retailing activities.

Objectives of the Study

The general objectives of this study were to describe the way two, specific grocery wholesaling firms had organized to provide certain special services for their retailers and to measure the extent to which the retailers had used the services. More specifically the objectives of the study were:

1. To clarify terms associated with special services used by food retailers belonging to voluntary and cooperative groups.
2. To examine the administration of certain special services as performed by the two wholesalers.
3. To determine if changes in certain operating practices had been made by retailers in each sample; the sources which were helpful to retailers who had made these changes; and, the extent to which the retailer considered his membership in the group as a factor influencing the changes he had made.
4. To determine if objectives associated with certain

special services had been realized by retailers using the services.

Scope of the Study

In order to make a sufficiently intensive study, the subject matter was delimited in several ways:

1. Two wholesaling firms were selected rather than a larger sample. The firms themselves were going concerns located in the State of Michigan.
2. Only that part of each wholesaling firm directly related to the administration or performance of special services was studied. Thus, top management, warehousing, buying, and office management were not included.
3. In selecting the stores to make up the retail samples, the following limitations were observed: (1) retailers who might have been limited in their use of special services by factors such as age, location, attitude were not included; (2) retail stores operated by hired managers were not included because of the possibility that certain decisions would be beyond the scope of the hired manager's authority; (3) stores included in each sample were believed to have equal access to the various special services.

Statement of the Problem

In the early 1920's a new form of business organization had developed for the wholesaling of grocery type merchandise. The organizational form was considered to be new because, in addition to performing the typical functions of grocery wholesaling, the organization was prepared to assist the retail grocer in performing certain retailing activities. This organizational type is now called a voluntary-group-sponsoring wholesaler.

Several retailer-owned or cooperative type organizations, were already in existence when the first voluntary group was organized. The retailer-owned organizations had been organized for the primary purpose of improving grocery wholesaling activities. Today, both organizational types perform various special services designed to be used in the performance of retailing activities.

Various advantages are claimed for the retailers belonging to either of the two types of organizations. One of the proposed advantages of particular interest to this study is the possibility of specialization of certain retailing activities.

An owner-manager of a retail store must perform all of the management activities that are handled by specialists

in larger firms. An individual proprietor might frequently, therefore, find himself in competition with specialists. In order to gain access to some of the advantages of specialization, the individual owner-managers studied joined other stores and agreed to share the costs of assistance or technology which would not otherwise be available to them because their scale of operation would be too small.

A parallel appears to exist between the standardization of activities in mass production and the standardization of activities in mass distribution. Mass production developed when the parts and assembly of parts could be standardized. Similarly, mass distribution depends on standardized products and methods of selling these products. Integrating management functions through the use of special services is a means by which owner-managers can standardize some retailing activities. Thus, participation in a voluntary or retailer-owned group provides an avenue by which an owner-manager becomes a part of mass distribution.

However, several limitations inhibit both retailers and wholesalers in integrating and standardizing operating practices. One limitation concerns the capabilities of specialists hired by the wholesaler. A backlog of specialists trained in the idea of integrating wholesaling and retailing activities has not been created over the years. Traditionally,

wholesalers and retailers have opposed each other as buyers and sellers. Wholesalers have little in the form of precedent to act as a guide in the development of special services and training of specialists.

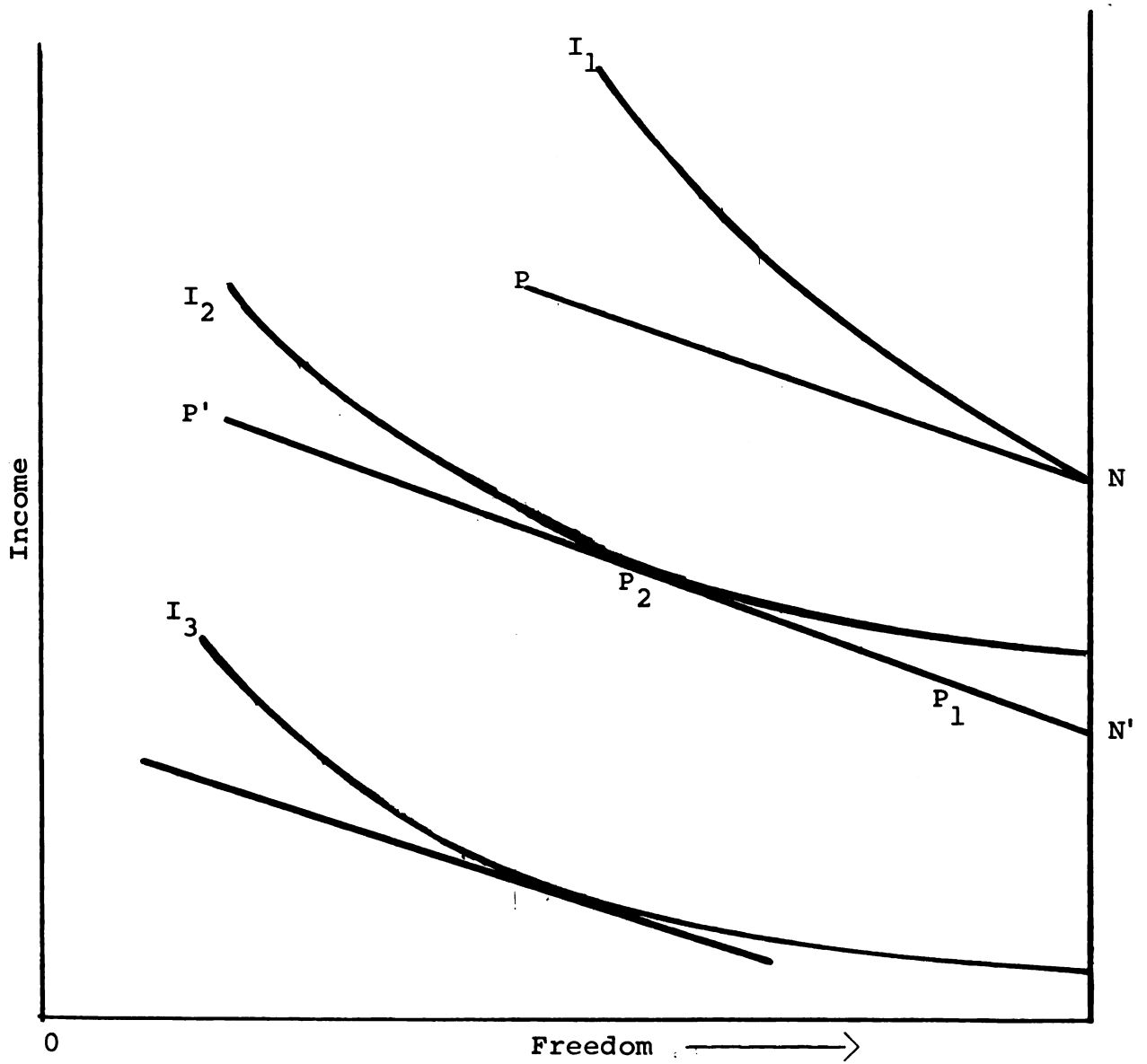
Flexibility and freedom of action is often cited as a primary advantage of the independent proprietor. Division of labor and standardization of retailing practices could remove some flexibility. The individual retailer might value flexibility higher than the possible advantages of division of labor gained by his use of special services. One researcher, while discussing production control plans in agriculture, explained farmers' evaluation of flexibility or freedom of action in the following way.¹

Participation in production control means that a farmer must give up his freedom to produce as much as he could. He could be fully satisfied with the policy of limited production if the specific performance requirements of the policy were in equilibrium with returns anticipated by him. Figure 1 is used to explain the equilibrium idea.

The indifference lines, I_1 , I_2 , I_3 , show various marginal evaluations which an individual could place on the

¹Dale E. Hathaway, "Agricultural Policy and Farmer's Freedom: A Suggested Framework," Journal of Farm Economics, XXXV (November, 1953), pp. 496-510.

Figure 1. A suggested explanation of equilibrium between two conflicting goals.



goals of freedom and income. Assuming that a farmer has other production alternatives available to him, freedom is relinquished if he agrees to perform in a specific manner in order to produce a specific amount. Income was defined as net dollar or monetary return as distinguished from psychological returns. The indifference lines are curved, representing the assumption of diminishing marginal utility. The income possibility lines, NP and NP' , indicate the rate of income increase anticipated as the result of production control.

At point N , there is no production control and the farmer has complete freedom to produce as much as he can. Assume that I_1 represents the marginal rate at which a farmer would be willing to substitute freedom for income and NP represents the income possibility resulting from production control. Complete freedom of production would be optimum for this farmer because he could not reach a higher indifference curve by restricting his production. If, however, in another time period the farmer were at point N' , he could reach a higher indifference curve by following a program of limited production. At point P_2 , the marginal rate of substitution between freedom and income would equal the marginal return expected by the farmer and equilibrium could exist.

The farmer is a price taker. He agrees to production control in hopes that aggregate production will be decreased.

A decrease in aggregate production should bring increased price. Since the farmer has guaranteed sale and the prices of products he produces tend to be inelastic, increased price is likely to yield increased income for the individual farmer even though individual production would be less and average costs higher.

The retailer is a price maker. He can increase sales by lowering price or by improving non-price aspects of his product offer. Total revenue would be less for any given physical sales volume following a reduction in price while the operating costs schedule would not have changed. Non-price changes in the product offer have the effect of increasing sales without causing a shift in total revenue. Scitovsky explains that the price maker can make many adjustments, other than price, to increase sale of product.¹ For example, the price maker can establish terms of sale; location of the business; nature, quality, and appearance of the goods; and differentiate the product sold in numerous ways.

The farmer agrees to restrict the production of his farm in order to increase market price. The retailer relinquishes freedom to set certain aspects of his non-price offer in order to increase sales without decreasing price.

¹Tibor Scitovsky, Welfare and Competition (Chicago: Richard D. Irwin, Inc., 1951), Ch. 10, 12, 13.

The conclusion is that, if a retailer values income more highly than freedom, he will make changes in the non-price aspects of his product offer, within certain limits, although the changes result in some restriction of his freedom.¹

The central objective of this study is to find out:

(1) how much influence special services have had on some selected retailers who made changes in operating practices; and, (2) if some specific objectives have been realized by these retailers as a result of using certain other special services. The result should provide a measure of the effectiveness of special services on some food retailing activities.

Methodology

Past studies of voluntary and cooperative groups were emphasized in seeking sources of secondary information.

References to several relevant studies were found in the

Catalogue of Public Documents. These studies had been performed

¹In this study, the approach to explaining retailers' acceptance and use of special services emphasizes the demand shifting characteristic of these services. It is recognized that many other reasons could be equally likely. Cost saving resulting from economies of scale could be an important reason. Perhaps use of a special service provides the retailer with an opportunity to shift burdensome labor to someone else. It could be that the special service offers the retailer an opportunity to upgrade the performance of a particular retailing activity even though the special service costs more to use. One can think of other specific reasons why special services would be used by the retailer.

by researchers employed in the United States Department of Agriculture.

Using the Dissertation Abstracts, references were located for eight theses dealing with subjects related to special services. Microfilm copies of these theses were obtained and studied.

Since some land grant colleges and universities have been interested in food retailing and wholesaling operations for some time, The Monthly List of State Agricultural Experiment Station Publications was reviewed. Two relevant studies performed within the last ten years were located from this source.

Several articles dealing with voluntary and cooperative groups in food retailing were located in the Business Periodicals Index. One trade periodical, Progressive Grocer, 161 Sixth Avenue, New York 13, New York, provided most of the census data used in the study. Additional census data came from the Survey of Current Business.

The author also received much helpful information while attending a seminar on "Improving the Effectiveness of Fieldmen," sponsored by the American and Canadian Wholesale Grocers' Associations, July 6-9, 1960.

Employees of the two wholesaling organizations represented one of the two primary sources of information.

The 54 retailers composed the other principal source of primary information. The study began at the wholesale level. Information gained here was used to develop the questionnaire and the approach to be used when studying the retailing segment.

Position descriptions were written for 25 executives and specialists hired by firms A and B. The purpose of the position descriptions was to define the nature and objectives of the various special services performed in firms A and B.

A letter of explanation was sent to each executive or specialist to be interviewed. The letter was followed by a telephone call, at which time an appointment was set. Before beginning the position description interview, the person being interviewed was shown the position description outline to be followed during the interview (see Appendix A).

A copy of the completed position description was sent to each person interviewed along with a letter asking him to correct errors, make deletions or additions as he desired, and return the corrected copy (see Appendix B for examples of the position descriptions). Only one of the interviewees indicated major changes. Instead of returning the position description sent to him, he prepared and returned his own. Of the 25 position descriptions, 23 were returned. It was assumed that the remaining two were reasonably satisfactory

to the interviewees. Copies of all position descriptions had been retained by the researcher.

Information from the position descriptions formed the basis for developing the schedule of questions used during the retailer interviews. A copy of the schedule is shown in Appendix C. Pretests were conducted using nine retailers. Wording of questions and sequence of topics in the schedule were changed considerably following the pretest, but the basic form of the schedule was not changed. Arrangements for all retailer interviews were developed through an executive of each wholesaling firm.

The sample of retailers representing the voluntary-group-sponsoring wholesaler consisted of 29 owner-managers. An original list of 35 owner-managers had been supplied by the general manager of the sponsoring wholesale firm. Some of the retailers were not used because they had been used in the pretest. Others were not included because they were geographically isolated.

In making up the list of retailers the general manager was asked to select the retailers who, in his opinion, were his best retailers from the standpoint of being aggressive, progressive, skilled and successful businessmen.

The owner-managers in the sample representing the retailer-owned wholesaling firm were selected by the researcher.

The primary objective was to select stores affiliated with the retailer-owned firm which had equal access to the same special services, and were successful, going concerns managed by their owners.

Prior to the interview, each retailer received a letter and a phone call from the researcher (see Appendix D for the text of the letter). None of the retailers refused to be interviewed. However, two of the owner-managers in the retailer-owned sample were not interviewed because conflicts in their schedules occurred following several attempts to establish a meeting time with them.

Limitations

As mentioned, an important variable affecting the acceptance and use of special services is the capability of the specialist performing the service. In this study, all specialists were assumed equally capable.

Many factors could affect the attitude of the retailers toward special services and, hence, the results of a retailers answers concerning the services. An attempt was made to observe and eliminate some of these factors by using a selected rather than a random sample. However, the procedure used did not assure elimination of retailers who were disgruntled, peeved, or otherwise upset with their wholesaler and/or his specialists.

A selected sample was used and is, therefore, not to be considered representative of the total membership of either wholesaler. The wholesalers were selected on the basis of their availability and willingness to cooperate in the study and are, therefore, not to be considered representative of any larger population of wholesalers.

Boundaries were not used whereby change or no change could be clearly established when interviewing the retailer. The retailer was asked if he had realized certain results or objectives as a result of his group participation, but the intensity of his realization was not established.

It is reasonable to assume that a relationship exists between adoption of a new practice and the conditions of exposure to the new practice. The study did not standardize the conditions under which retailers used the services or their length of exposure to the service.

The questionnaire was designed to provide a measurement of the validity of some of the questions. However, the meaningfulness of the questions was not determined.

Summary

This is a study of the administration and use of special services by two grocery wholesalers and their retailers in the State of Michigan. One of the wholesalers could be

classified as a voluntary-group sponsoring wholesaler; the other wholesaler was a retailer-owned organization.

Special services offer a potential means by which an owner-managed firm could gain access to the type of specialization typically performed by staff specialists in larger firms. However, several factors are believed to limit the application of special services. One limitation believed to exist can be expressed as the unwillingness of retailers to restrict their freedom to use other alternatives in order to adopt retailing practices recommended by certain special services; a related limitation is believed to be the retailers' inability to recognize certain objectives associated with special services.

In order to learn more about special services, position description interviews were conducted among executives and specialists actually performing special services. Once the contents of the special services were identified, the retailers using the services were interviewed. The purpose of the interview was to determine if a relationship existed between the services used and changes made by the retailers; and, to determine the extent retailers had realized certain objectives as a result of using some of the special services.

Owner-managed firms make up a large part of the goods and services included in the national product of the United

States. In food retailing, almost half of the sales in the nation are made by stores classified as either voluntary or cooperative group members. An unknown but nevertheless large portion of these stores are owner-managed.

Freedom of entry, movement of resources and elimination of collusion are all goals which have been professed by and for free enterprise. The presence of vigorous, successful owner-managed firms is one means through which these economic goals can be achieved.¹ Yet, business methods change daily. Freedom of entry with its attendant flow of resources and discouraging effect on collusion cannot be guaranteed for the inefficient without sacrificing some of the benefits of free enterprise.

The future importance of owner-managed firms might rely heavily on technological and organizational adjustments which would facilitate efficiency in firms of this type. Special services as discussed in this study are believed to be an example of the adaptation of technological and organizational adjustments to owner-managed retail food stores.

¹ It should be noted that the potential strength which semi-integrated groups of retailers and wholesalers could add to the competitive system could be self-defeating. The success of these semi-integrated groups could tend to accumulate market power leading toward monopolistic control.

CHAPTER II

VOLUNTARY AND COOPERATIVE GROUPS

Types of Voluntary and Cooperative Groups

The following characteristics are generally associated with retailer-owned or cooperative groups in food distribution. Upon approval by the board of directors, a retailer becomes a member by investing a certain amount in a cooperative. Each retail member has one vote in selecting the board of directors and other matters referred by the board to the membership. Patronage rebates are distributed according to the amount and type of purchases each member makes from the cooperative. Typically, sales are not made to non-members. The retail members are often referred to as affiliated retailers. A retail member is not required to identify his store with other affiliated stores.

Subgroups of retailers can be identified within the membership of a typical cooperative. For example, some of the stores do not identify themselves with other member stores or with the cooperative organization except by a small poster sometimes displayed on the store's front door. Other subgroups in the cooperative can be identified primarily on the

basis of advertising agreements which the retailers make with officials of the cooperative. Two principal variations in advertising agreements occur frequently: (1) retailers can agree to share the cost of newspaper space for a common ad; or (2) retailers can agree to use a common ad but bear the newspaper space costs individually. It is necessary for stores using the first variation of the advertising agreement to use the same store name. Retailers using the second advertising alternative can use any name they wish in order to identify their stores. In either case, the stores can be described as belonging to subgroups within the membership of the cooperative.

A voluntary group is made up of a group of food retailers and a grocery wholesaling firm. Typically, the retailer becomes a member by agreeing to certain obligations such as to: (1) refrain from patronizing rival wholesalers; (2) erect a store sign of a certain type; (3) use certain services provided by the wholesaler. The wholesaler in a voluntary group is often called the sponsor of the group and the retailers are called sponsored or franchised stores.

Sometimes, a sponsoring wholesaler will sell to retailers who are not members of the group. Voluntary-group-sponsoring wholesalers frequently price their merchandise inversely to the amount purchased by the retailer. The larger

the order the lower the per unit rate charged the retailer making the purchase. As in the cooperative, advertising subgroups can exist among sponsored retailers.

Some sponsoring wholesalers are franchised by a franchising organization. The typical franchise permits a wholesaler to: (1) buy and sell certain private label goods; (2) use special services supplied by the franchisor; (3) use exterior signs and other means of identifying the wholesale firm with the franchising organization; and, (4) pass the franchise on to sponsored retailers.

Other sponsoring wholesalers originate their own franchise. The originated franchise can take two forms. In one form, an independent wholesaler will agree to perform certain administrative tasks for retail stores who want to become identified by a common store name. Common identification permits stores to share the cost of advertising media.

The other form of the originated franchise occurs when a chain owning retail stores and wholesaling facilities sells to and performs certain services for independently owned retail food stores. The retailer identifies his store with the stores in the chain and agrees to specific performance requirements of the chain organization.

The conclusion is that several subgroups of retail stores exist within a voluntary or cooperative group membership.

Some voluntary groups are organized differently than others depending on the nature of their franchise. Although voluntary and cooperative groups are not uniform in organizational structure and methods, there are unifying purposes, objectives and practices relating all voluntary and cooperative groups.

Background and Development of Voluntary and Cooperative Groups

Voluntary and cooperative groups in food distribution represent two distinct types of business organizations. Although different in organizational form, it is frequently pointed out that each type attempts to increase or improve the competitive effectiveness of the independent food retailer. Reference is often made to the voluntary-cooperative group movement, thus emphasizing the general similarity of objectives of the two organizational forms.¹

Although their objectives appear to be quite similar, the operating philosophies of cooperative groups, in general, are not the same as the operating philosophies of voluntary

¹Cf. Werner A. Hirsch, "Grocery Chain Store Prices--A Case Study," Journal of Marketing, July 10, 1956, p. 10; Charles F. Phillips and Delbert J. Duncan, Marketing Principles and Methods, 4th ed. (Homewood, Illinois: Richard D. Irwin, Inc., 1960), p. 170; Pearce C. Kelley and Kenneth Lawyer, How to Organize and Operate a Small Business (Englewood Cliffs, New Jersey: Prentice-Hall, Inc.), pp. 393, 399, 422.

groups. It has been said that the cooperative movement in food distribution began by emphasizing low merchandise prices with a minimum of nonmerchandise services for the retailer.¹ The retailer probably looked toward the early cooperative as an improved source of supply compared to the regular grocery wholesaler whom the retailer might have thought was monopolistically inclined.²

¹Theodore N. Beckman and Nathaniel H. Engle, Wholesaling Principles and Practices (New York: The Ronald Press, 1937), pp. 555, 563; Hector Lazo, Retailer Cooperatives (New York: Harper and Brothers, 1937), p. 3.

²The following excerpts from articles written at the time of formation of an existing cooperative emphasize the interest in the cooperative as an improved source of supply. However, an awareness was also expressed of other benefits of organization such as sharing newspaper advertising costs.

The Portland Oregonian, November 11, 1915, "With a representative membership of 60 dealers already signed and 100 expected ultimately, the (name withheld by request) organized two months ago and incorporated yesterday, are prepared to launch formally a fight against so-called grocers' jobbing trust in Portland. . . . The objective of the organization is to concentrate the buying power and further the mutual benefit and protection of its members."

The Oregon Retailers Journal, November, 1915. "A few, perhaps 50 grocers in Portland have held various meetings for the avowed purpose of discussing ways and means of instituting a Buyers Exchange or system of pool buying in Portland. . . . The buyers exchange imposes upon its members the expense, service and necessity for capital today furnished by the jobber. . . . The Oregon Retail Journal cannot believe there is a more economical way of distributing merchandise in Portland or it would have already been employed by the wholesalers. . . ."

The Oregon Merchants Magazine, November, 1915. "Portland has now perfected plans for a big cooperative buying syndicate. . . . There are many ways of helping each other in an organization of this character and especially it is pointed

The earliest census data available concerning retail cooperatives are for 1939 at which time there was a total of 136 cooperatives, with 211 in 1948 and 193 in 1954. Sales in millions were as follows: \$155, \$582, and \$1,298 for the years 1939, 1948, and 1954 respectively.¹

Table 1 shows the year of organization for 146 cooperatives doing business in 1958.² At least 15 of the cooperatives sampled had been organized prior to 1921. The number of new firms established increased each time period from 1901-1910 until 1951-1958 when a sharp decline was recorded.

It has been said that the voluntary groups emphasized aids that could be used to improve retailing activities.³ One of the original voluntary groups inaugurated some of the specialized services which are still found in voluntary groups today. For example, characteristics of the modern voluntary

out that each member by paying a small sum may have page newspaper advertising. . . ."

¹U. S. Congress, Staff Report to the Federal Trade Commission, Economic Inquiry Into Food Marketing, Concentration and Integration in Retailing, Part 1 (Washington: United States Government Printing Office, January, 1960), pp. 202, 203.

²A total of 155 cooperatives were estimated to have been in business in 1958.

³P. D. Converse, H. W. Huegy, and R. V. Mitchell, Elements of Marketing, 6th ed. (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1958), p. 266.

Table 1. Retail-owned cooperatives operating in 1958 by decade of organization.^a

Decade	Companies Organized	
	Number	Cumulative
1881-1890	1	1
1891-1900	1	2
1901-1910	1	3
1911-1920	12	15
1921-1930	26	41
1931-1940	38	79
1941-1950	44	123
1951-1958	13	136
Year not reported	10	146
Total	146	146

^aSource: U. S. Congress, Staff Report to the Federal Trade Commission, Economic Inquiry Into Food Marketing, Concentration and Integration in Retailing, Part 1 (Washington: United States Government Printing Office, January, 1960), p. 159.

group such as: private label, retail accounting assistance, retail store layout assistance, use of similar decoration and use of similar exterior signs identifying all stores in the group were found in one of the first voluntary groups.¹ The interest shown in retailing activities by this pioneer voluntary group gives an indication of the orientation of voluntary groups in general toward ways of improving activities performed in retailing.

Table 2 shows the year of establishment of voluntary-group-sponsoring wholesalers which were still in existence in 1958. Only three of the voluntary-group-sponsoring wholesalers had been formed prior to 1923 whereas 15 of the cooperative type organizations had been formed prior to 1920.

¹The following excerpts are from an interview with Don R. Grimes, President of the Independent Grocers' Alliance, a pioneer voluntary group franchising organization, as reported in "The I.G.A. Story," Food Merchandising, n.d.

Question: "Just what were the problems that faced the independent at the time your father, J. Frank Grimes, organized IGA? Answer: "There was a new type of competition entering food distribution in the 1920's which was asserting itself in a very effective way--namely the corporate chains."

Question: "What were the important milestones in IGA's progress over the 22 year stewardship of your father?" Answer: "He immediately recognized the need for a general upgrading of the independent stores to put them in a competitive position with the chain units. One of his first moves was to establish a store engineering department to work with retailers and wholesalers on new store constructions and remodelings." Other services mentioned in the magazine article reporting the interview were: (1) advertising, (2) supervision; (3) cost plus pricing.

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

Table 2. Year of establishment for voluntary-group-sponsoring wholesalers operating in 1958.

| Year Established | Companies Organized | |
|------------------|---------------------|------------|
| | Number | Cumulative |
| 1919-1923 | 3 | 3 |
| 1924-1928 | 25 | 28 |
| 1929-1933 | 47 | 75 |
| 1934-1938 | 22 | 97 |
| 1939-1943 | 21 | 118 |
| 1944-1948 | 44 | 162 |
| 1949-1953 | 60 | 222 |
| 1954-1958 | 108 | 330 |

Source: U.S. Congress Staff Report to the Federal Trade Commission, Economic Inquiry into Food Marketing, Concentration and Integration in Retailing, Part 1, (Washington: United States Government Printing Office, January, 1960), p. 203.

Voluntary-group formation hit a peak in the 1929-1948 period when there was a rapid increase in the number of companies organized. Establishment of new voluntaries continued to increase through the latest period reported, 1954-1958.

Census totals for voluntary group wholesalers were as follows: 1939, 638 wholesalers; 1948, 634; and in 1954, 574 wholesalers were reported. Sales in millions for grocery wholesalers sponsoring voluntary groups were: \$658; \$1,627; \$2,464; respective to the census years 1939, 1948, 1954.¹

Expanding the class intervals from Tables 1 and 2 into four comparable time periods, as shown in Table 3, it is seen that in each time period there was an increase in the establishment of voluntaries in operation in 1958. The highest rate of increase was in the latest time period. Formation of cooperatives increased in each time interval except the latest when there was a sharp reduction in the number of establishments formed. The conclusion is that cooperatives started earlier and voluntaries grew at a more rapid rate and in greater numbers than the cooperatives.

Chain store growth in food distribution is often cited as the reason for formation of voluntary-cooperative

¹ Staff Report to the Federal Trade Commission, op. cit., pp. 202, 203.

groups.¹ Tables 4 and 5 show sales of grocery stores and multiunit grocery stores from 1929 to 1960. Using 1929 and 1952 as base years, it is seen that the index of multi-unit store sales does lead the index of grocery store sales in three specific time periods: 1929-1935; 1941-1942; and 1953-1960. However, the lead is quite small until 1958 when the lead began to widen more noticeably.

Table 3. Comparison of year of formation for voluntary and cooperative grocery wholesaling companies in operation in 1958.

| Cooperative | | | Voluntary | | |
|-------------|--------|------------|-----------|--------|------------|
| Year | Number | Cumulative | Year | Number | Cumulative |
| 1921-1930 | 26 | 41 | 1919-1928 | 28 | 28 |
| 1931-1940 | 38 | 79 | 1929-1938 | 69 | 97 |
| 1941-1950 | 44 | 123 | 1939-1948 | 65 | 162 |
| 1951-1958 | 13 | 136 | 1949-1958 | 168 | 330 |

Source: Tables 1 and 2.

¹ Edwin H. Lewis, "Comeback of the Wholesaler," Readings in Marketing, ed. M. P. McNair and H. L. Hansen (New York: McGraw-Hill, 1957), p. 269. The article expresses a viewpoint shared by many others which maintains that the original objective of voluntary and cooperative groups was to improve the effectiveness of retailers faced with chain store competition.

Table 4. Annual sales, grocery stores^a and multiunit^b stores, 1929-1951, and index of annual sales.

| Year | Grocery Stores
(add 000,000) | Index
(1929=100) | Multiunit
Stores
(add 000,000) | Index
(1929=100) |
|------|---------------------------------|---------------------|--------------------------------------|---------------------|
| 1929 | 7,353 | 100.00 | 2,833 | 100.00 |
| 1933 | 5,004 | 68.05 | 2,209 | 77.97 |
| 1935 | 6,352 | 86.39 | 2,468 | 87.12 |
| 1936 | 6,850 | 93.16 | 2,608 | 92.06 |
| 1937 | 7,226 | 98.82 | 2,643 | 86.94 |
| 1938 | 7,187 | 97.74 | 2,618 | 92.41 |
| 1939 | 7,722 | 105.02 | 2,833 | 100.00 |
| 1940 | 8,169 | 111.10 | 3,106 | 109.64 |
| 1941 | 9,312 | 126.64 | 3,729 | 131.63 |
| 1942 | 11,358 | 154.00 | 4,520 | 159.55 |
| 1943 | 12,481 | 169.74 | 4,318 | 152.42 |
| 1944 | 13,665 | 185.84 | 4,657 | 164.38 |
| 1945 | 14,593 | 198.46 | 4,705 | 166.57 |
| 1946 | 18,646 | 253.58 | 6,192 | 218.57 |
| 1947 | 22,501 | 306.01 | 8,284 | 292.41 |
| 1948 | 24,770 | 336.87 | 9,319 | 328.94 |
| 1949 | 24,880 | 337.28 | 9,468 | 334.20 |
| 1950 | 26,412 | 359.20 | 10,140 | 357.92 |
| 1951 | 30,346 | 412.70 | 10,718 | 378.33 |

Sources: U. S. Bureau of the Census, Historical Statistics of the United States, Colonial Times to 1957, Washington, D. C., 1960, pp. 519, 520. U. S. Bureau of the Census, Statistical Abstract of the United States: 1961 (Eighty-second edition). Washington, D. C., 1961, p. 830.

^a Grocery stores were defined as stores with or without meat; stores commonly known as supermarkets, food stores, grocery stores, delicatessen stores and vegetable markets; candy, nut and confectionery stores; dairy product stores; see: Standard Industrial Classification Manual, Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., 1957.

^b Multiunit stores were defined as four or more stores under common ownership.

Table 5. Annual sales, grocery stores^a and multiunit stores,^b 1952-1960, and index of sales.

| Year | Grocery Stores
(add 000,000) | Index
(1952=100) | Multiunit
Stores
(add 000,000) | Index
(1952=100) |
|------|---------------------------------|---------------------|--------------------------------------|---------------------|
| 1952 | 32,238 | 1.000 | 11,606 | 1.000 |
| 1953 | 33,623 | 1.043 | 12,404 | 1.069 |
| 1954 | 34,993 | 1.085 | 13,357 | 1.151 |
| 1955 | 36,919 | 1.145 | 14,222 | 1.223 |
| 1956 | 39,180 | 1.215 | 15,894 | 1.369 |
| 1957 | 42,444 | 1.316 | 15,379 | 1.325 |
| 1958 | 44,547 | 1.382 | 18,589 | 1.602 |
| 1959 | 46,043 | 1.428 | 19,052 | 1.642 |
| 1960 | 48,333 | 1.500 | 21,424 | 1.846 |

Source: Same as for Table 4.

^aDefined as in Table 4.

^bMultiunit stores were defined as eleven or more stores under common ownership.

On the other hand, Table 6 shows that the index of sales of grocery wholesalers did not equal 1929 sales until sometime between 1939 and 1948. Rate of sales increase for the wholesalers has shown a decreasing trend since 1948. Thus, wholesalers were slower than retailers in regaining 1929 sales levels. Formation of voluntary and cooperative groups following 1929 could have been stimulated by wholesalers' interests in protecting their own sales as well as retailers' needs for more effective retailing practices.

Trend in Sales and Numbers of Retail Food Stores

Table 7 provides an insight into the sales trend and numbers of stores for unaffiliated, voluntary-cooperative, and chain stores in food retailing. A change in the U. S. Census definition of chain stores occurred in 1952. Prior to 1952, any group of four or more centrally owned or controlled stores was classified in the chain category. In 1952, a chain was defined as consisting of 11 or more stores. Chain store per cent of total sales dropped only 2.65 from 38.10 per cent in 1951 to 35.45 per cent in 1952, following the change in definition. The independent store category increased by an equivalent amount. Per cent of total food store sales accounted for by chains has not fluctuated greatly

Table 6. Index of sales for merchant wholesalers grocery, confectionery, meat: 1929-1960.

| Year | Sales
(000,000) | Index of Sales
(1929=100) |
|------|--------------------|------------------------------|
| 1929 | 5,386.9 | 100.0 |
| 1933 | 3,121.2 | 57.94 |
| 1935 | 3,636.7 | 67.51 |
| 1939 | 3,940.8 | 73.15 |
| 1948 | 11,213.1 | 208.15 |
| 1954 | 15,980.6 | 296.65 |
| 1958 | 20,249 | 375.89 |
| 1959 | 21,107 | 391.82 |
| 1960 | 22,245 | 412.94 |

Source: U. S. Bureau of the Census, Historical Statistics of the United States, Colonial Times to 1957, Washington, D. C., 1960, p. 524. U. S. Bureau of the Census, Statistical Abstract of the United States: 1961 (Eighty-second edition). Washington, D. C., 1961, p. 843.

Table 7. Estimated retail food store sales, per cent of total sales and number of stores, 1939-1960.^a

| Year | Sales of
Independent
Stores ^b | | Sales of
Voluntary and
Cooperative Stores | | Sales of
Unaffiliated
Stores | |
|------|--|------------------|---|------------------|------------------------------------|------------------|
| | Sales
(000,000) | Sales
% Total | Sales
(000,000) | Sales
% Total | Sales
(000,000) | Sales
% Total |
| 1939 | 4,990 | 63.24 | 2,350 | 29.79 | 2,640 | 33.46 |
| 1940 | 5,830 | 64.71 | 2,740 | 30.41 | 3,090 | 34.29 |
| 1941 | 6,390 | 62.59 | 3,003 | 29.14 | 3,387 | 33.17 |
| 1942 | 7,600 | 62.29 | 3,572 | 29.28 | 4,028 | 33.02 |
| 1943 | 8,960 | 67.83 | 4,210 | 31.87 | 4,750 | 35.96 |
| 1944 | 9,610 | 67.39 | 4,510 | 31.63 | 5,100 | 35.76 |
| 1945 | 10,000 | 68.07 | 4,700 | 31.99 | 5,300 | 36.08 |
| 1946 | 12,250 | 66.16 | 5,500 | 29.78 | 6,750 | 36.46 |
| 1947 | 13,750 | 61.96 | 6,500 | 29.29 | 7,250 | 32.67 |
| 1948 | 15,100 | 61.36 | 7,800 | 32.00 | 7,300 | 29.66 |
| 1949 | 15,150 | 61.21 | 7,825 | 31.62 | 7,325 | 29.59 |
| 1950 | 16,950 | 62.42 | 8,900 | 32.77 | 8,050 | 29.65 |
| 1951 | 18,800 | 61.90 | 10,300 | 33.91 | 8,500 | 27.99 |
| 1952 | 21,250 | 64.55 | 11,650 | 35.39 | 9,600 | 29.16 |
| 1953 | 22,240 | 64.06 | 12,340 | 35.55 | 9,900 | 28.52 |
| 1954 | 23,475 | 63.69 | 13,200 | 35.81 | 10,275 | 27.87 |
| 1955 | 25,155 | 63.82 | 15,500 | 39.33 | 9,655 | 24.49 |
| 1956 | 27,000 | 63.53 | 18,925 | 44.53 | 8,075 | 19.00 |
| 1957 | 29,100 | 62.50 | 20,460 | 44.00 | 8,640 | 23.80 |
| 1958 | 29,650 | 61.42 | 21,650 | 44.85 | 8,000 | 16.57 |
| 1959 | 30,850 | 61.30 | 23,650 | 46.99 | 7,200 | 14.30 |
| 1960 | 32,150 | 61.12 | 25,140 | 48.29 | 6,750 | 12.83 |

Source: R. W. Mueller (ed.), Facts In Grocery Distribution (New York: Progressive Grocer, 161 Sixth Avenue), Annual editions, 1939-1960. Some discrepancy will be noted between totals reported in this table compared to Tables 4 and 5. The difference is evidently due to the fact that results shown in this table are estimated while Tables 4 and 5 show results based on actual counts.

| Sales of
Chain Stores ^c | | Number of
Total Stores | |
|---------------------------------------|------------------|---------------------------|-----------------|
| Sales
(000,000) | Sales
% Total | Voluntary
Cooperative | Stores
Chain |
| 2,900 | 36.75 | 108,750 | 40,000 |
| 3,180 | 35.29 | 108,750 | 39,950 |
| 3,820 | 37.41 | 108,750 | 38,450 |
| 4,600 | 37.70 | 100,000 | 35,000 |
| 4,250 | 32.17 | 92,000 | 33,000 |
| 4,650 | 32.61 | 92,000 | 33,000 |
| 4,690 | 31.93 | 94,000 | 32,000 |
| 6,265 | 33.84 | 93,000 | 32,000 |
| 8,440 | 38.03 | 95,000 | 28,500 |
| 9,510 | 38.64 | 115,000 | 27,700 |
| 9,600 | 28.79 | 115,000 | 26,500 |
| 10,206 | 37.58 | 122,000 | 25,700 |
| 11,572 | 38.10 | 122,000 | 24,000 |
| 11,670 | 35.45 | 117,000 | 22,000 |
| 12,475 | 35.93 | 100,000 | 20,000 |
| 13,385 | 36.31 | 97,000 | 18,040 |
| 14,260 | 36.18 | 101,000 | 18,800 |
| 15,500 | 36.47 | 90,000 | 18,000 |
| 17,400 | 37.83 | 88,000 | 18,800 |
| 18,635 | 38.58 | 92,000 | 19,400 |
| 19,475 | 38.69 | 95,000 | 19,700 |
| 20,450 | 38.88 | 84,000 | 20,050 |

^aGrocery and combination stores.

^bOrganizations with from one to ten stores beginning with 1952; from one to three stores prior to 1952.

^cOrganizations with eleven or more stores beginning with 1952; with four or more stores prior to 1952.

over the past 20 years showing a range of only 7.15 per cent between 1939 and 1960.

Comparing the years 1939 and 1960, chain store per cent of total sales increased from 36.75 to 38.88 per cent for a gain of 2.13 percentage points. Independent store per cent of total sales show an equivalent decrease, declining from 63.24 to 61.12 per cent of total sales. Independent food stores have accounted for a relatively fixed proportion of total food store sales since 1939, but this proportion has shown a slightly decreasing trend.

The independent store category, shown in Table 7, is made up of voluntary-cooperative, and unaffiliated stores. During the 1939-1960 period, the per cent of total sales accounted for by voluntary-cooperative group stores increased from 29.78 to 48.29 per cent. Unaffiliated stores showed a marked decrease, going from 33.46 per cent of total sales in 1939 to 12.83 per cent in 1960. In terms of per cent of total sales, the voluntary-cooperative category has shown the largest increase followed by a smaller increase for chain stores and a decided decrease in the unaffiliated stores category. Chains have made slight gains in proportion of total sales while reducing the number of stores by approximately 50 per cent in the 1939-1960 time period. Total stores in the

voluntary-cooperative group category were reduced approximately 30 per cent during the same period.

One can conclude from the data in Table 7 that voluntary and cooperative groups have grown rapidly in terms of per cent of total sales and account for a higher proportion of total sales than chains or unaffiliated stores at the present time. Total stores in both the chain and voluntary-cooperative categories have decreased since 1939. Although per cent of total sales has increased for the voluntary-cooperative and chain categories, per cent of total sales has shown a slight decrease for the independent stores category.

Considering voluntary and cooperative groups in general, Mueller and Garoian concluded that purchases by member retailers from affiliated voluntary and cooperative wholesalers are not as great as the rapid growth of these types of wholesaling organizations might suggest. For example, they reported that in 1958 retailers affiliated with the 20 largest voluntary and cooperative wholesalers purchased about 44 per cent of their requirements from their affiliated wholesalers.¹ Before concluding that patronage loyalty was

¹Willard F. Mueller and Leon Garoian, Changes in the Market Structure of Grocery Retailing, 1940-1958, Agricultural Experiment Station, Research Report 5 (Madison: University of Wisconsin, 1960), p. 7.

weak between the retailer and his affiliated voluntary wholesaler or cooperative organization, it is necessary to consider the incomplete assortment occurring in most wholesalers' merchandise line.

Assuming that the merchandise line of most affiliated wholesalers does not include fresh produce, which accounts for approximately nine per cent of total retail food store sales; fresh meats, 25 per cent; baked goods, 6 per cent; and frozen foods, 3.5 per cent, complete patronage loyalty would require a member retailer to make 56.5 per cent of his purchases from the affiliated wholesaler.¹ After considering incompleteness of wholesalers' merchandise line, the indication remained that, in general, wholesalers probably had difficulty realizing full patronage loyalty from affiliated retailers.²

Without patronage loyalty, the wholesaler might lose enthusiasm for specialized services designed to aid retailers. The result would be a voluntary or cooperative group whose members operate their stores as though they were unaffiliated

¹ Mueller, op. cit., 1961 edition, quoting The Supermarket Institute, pp. F22, 23.

² It is estimated that ten years ago, a grocery wholesaler or cooperative handling perishables was a rarity. Today a full line of fresh meats is provided by 26 per cent of the voluntaries and 10 per cent of the cooperatives; produce by 42 per cent of voluntaries and 40 per cent of the cooperatives; frozen foods by 67 per cent of the voluntaries and 79 per cent of the cooperatives (Facts in Grocery Distribution, 1950, op. cit.), p. F21.

except for use of an isolated service such as advertising or suggested prices. The following studies indicated the nature and role of special services in several voluntary and cooperative groups.

Previous Studies on Voluntary and Cooperative Groups

Grant Gore conducted a mail survey among a group of wholesalers in 1949 to determine some of the methods used by these wholesalers to assist retailers. The survey is reported to have had a 12 per cent return which provided 478 usable answers.¹

Gore and the committee he represented, believed that something new was happening in food retailing and wholesaling. They thought that a relationship was developing between wholesaler and retailer that had not existed before. The objective of the study was to obtain knowledge of the nature and extent of the relationship and the steps wholesalers had taken to expand their traditional functions. The study had two parts. The first part described the new, retailer oriented functions. The second part emphasized techniques followed in performing the more traditional wholesaling functions.

¹ Grant Gore, The New Concept in Wholesaler-Retailer Teamwork, Committee on Modern Food Distribution (Sales Division: General Foods Corporation, 1951), 59 pp.

The newer functions were described under the following headings: (1) advertising and sales promotion; (2) Use of supervisors and pre-printed order forms; (3) Store modernization; (4) Retail training; (5) Retail accounting; (6) Financial Counseling; (7) Nonfood merchandise; (8) Suggested prices.

The report contained the following quotations concerning the efforts of certain wholesalers to provide suggested retail prices to their customers.

Independents are noteworthy for incomplete and improper shelf pricing. We continually have to strive to educate our accounts along these lines.

We have, at various times, suggested retail prices but few of our customers will follow them. Therefore, we suggest retail prices only in a very limited way.

We furnish them with a printed list of markups taken on various commodities by their largest competitors, but we feel we would, by suggesting retail prices, be sticking our necks out if the grocer followed our advice and the final results were not good. Some operators [retailers] want big sales, small profits [margins]; others not so much business and better profits.

When we first listed retail prices on customer invoices the reaction certainly was unfavorable. As time went along, however, the trade largely overcame its objections and today the majority strongly favor this policy. They realize that it automatically keeps them competitive with those people in the retail food business who are successful.

The retailer is quick to recognize the basic soundness of a pricing service. However, he is not inclined to rely on the recommendations of his supplier until that supplier has demonstrated conclusively that his pricing structure is sound and that he is constantly checking competition for the benefit of the retailers.

Nearly all wholesalers reported that the retailers welcomed information about their retail competitor's prices, but the retailers were not so willing to place suggested prices on their own merchandise. Retailers were reported to have used suggested prices more readily once they understood that the suggested price lightens their burden and insures them of being competitive.

The study reported by Gore represented an early attempt to define the retailer oriented special services provided by food wholesalers. The study was said to be exploratory and was followed in the next two years by two similar studies.

Davenport and Hoecker selected some wholesaler firms from the sample reported in Gore's study.¹ A personal visit was made to each firm selected to obtain more details on the methods wholesalers used to provide retailer oriented services. The objective of the study was to outline a guide for other wholesalers interested in providing similar services.²

The body of the report described various methods used by the wholesalers in performing certain basic and special

¹The number of wholesaler firms cooperating in the study is not given in the report although some of the tables show nine wholesalers reporting.

²John H. Davenport and R. W. Hoecker, How Some Wholesale Grocers Build Better Retailers, U. S. Department of Agriculture, Marketing Research Report No. 12 (Washington: U. S. Government Printing Office, 1952), 53 pp.

services as defined by the authors. The study was also said to be exploratory and evaluation of the performance of the services was not attempted. However, the authors pointed out that the services had not necessarily increased the operating expense ratio of the food wholesaling firms participating in the study.

The researchers separated the services into two categories: (1) basic services; (2) special services. Basic services were defined as activities which could be provided by wholesalers at a lower cost than could be duplicated by the retailer in the open market. The following were listed as basic services: (1) suggested prices; (2) weekly bulletin; (3) advertising; (4) store engineering; (5) guidance in store cleanliness, public relations, credit, delivery, expansion. Special services included tasks generally performed by the retailer himself or by an outside agency hired by the retailer. The following were included under the category of special services: (1) accounting; (2) employing personnel; (3) financing; (4) real estate; (5) insurance; (6) training employees.

Services in the basic and special services categories as defined by Davenport and Hoecker seemed to consist of activities intended to be used in or useful to food retailing. Thus the definition of special services presented earlier in this study does not appear to be in conflict with the two

categories of special services defined by Davenport and Hoecker.

Bouma and Kriesberg combined mail questionnaire and personal interview to determine the extent retailers used services supplied by certain wholesalers, and the retailer's point of view concerning how the services could be made more useful to him. Use and extent of use of the services was compared to many variables including: (1) availability of the services; (2) sales volume of the store; (3) population of the trading area; (4) extent of patronage loyalty on the part of the retailer; (5) group membership.¹

Mail questionnaires were returned by 1,439 grocers and personal interviews were conducted with an additional 256 grocers who had been mailed the questionnaire but did not return it. The retail sample was taken from customer lists of eight grocery wholesalers located in five states.

Retailers were asked to make suggestions on ways wholesalers could improve various services. Although 60 per cent of the grocers suggested ways wholesalers could improve the sales promotion service, only 14 per cent suggested improvements in advertising, 18 per cent in price

¹ John C. Bouma and Martin Kriesberg, Views of Independent Grocers on Wholesaler Retailer Relations, U. S. Department of Agriculture, Marketing Research Report No 42 (Washington: U. S. Government Printing Office, 1953), 49 pp.

information, 10 per cent in store engineering, 7 per cent in record keeping, and 13 per cent in personnel training.

The researchers concluded that the retailer tended to have more interest in services if he was associated with a wholesaler who provided many services. Clear cut patterns of use were not isolated although availability of the service and sales volume of the retailer were mentioned as related to the use of services.

Kohls and Bromley studied the buying and affiliation plans used by ten Indiana food wholesalers. Each wholesaler was rated according to the extent and quality of the services offered. The services included: (1) pricing aids; (2) advertising; (3) accounting; (4) insurance; (5) store engineering. It was pointed out that the wholesalers who had higher proportions of affiliated retailers tended to have the lowest operating expense ratios. In addition, these wholesalers were the most frequent users of order forms instead of salesmen; did not extend credit; and had a larger than average retail order size.¹

Some of the retailers in the study were described as being fully affiliated with the wholesaler while other

¹R. L. Kohls and J. D. Bromley, Wholesaler-Retailer Cooperation Through Buying Plans, Agricultural Extension Service and Agricultural Experiment Station Circular No. 410 (Lafayette: Purdue University, 1955), 14 pp.

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retailers were described as being only partially affiliated. Those partially affiliated used a limited number of services. A widespread misconception among affiliated and nonaffiliated retailers was reported concerning the benefits of affiliation and the availability of special services. The misconception was not described but Kohls and Bromley implied that the retailers were typically unaware of the contents of services made available to them by their wholesaler.

Kohls and Bromley concluded that affiliation with independent groups of retailers did not necessarily mean a higher operating expense ratio for the wholesaler even though specialized services were provided. According to the authors, the services varied widely in type and quality. The wholesalers interviewed did not agree on what the contents of the various special services should be or on how the services should be performed.

Kriesberg, Leiman and Alexander conducted personal interviews with affiliated retailers, fieldmen and executives of thirteen voluntary group wholesalers. The purpose of their study was to determine how the fieldmen's performance could be improved. Fieldmen were employed by affiliated wholesalers to make personal calls on voluntary group retailers.

The fieldmen's activities were described in the report as (1) helping the retailer to build a store personality;

(2) building sales at wholesale and retail; (3) informing retailers of competitive prices; (4) increasing efficiency of store operations; (5) helping improve store facilities. The study also described ways the wholesalers managed fieldmen including: (1) planning for field work; (2) personnel management practices for fieldmen; (3) supervision and evaluation of fieldmen.¹

Numerous recommendations for improving the performance of fieldmen were made based on the researchers' observations of fieldmen at work. The study made repeated references to the need for clarifying: (1) goals and objectives of the wholesale firm employing fieldmen; (2) the duties and responsibilities of fieldmen; (3) the responsibilities of the participating retailers.

Oesterle stated that the influence of wholesaler affiliation was strikingly evident in lower gross margins and expense ratios of affiliated as contrasted to unaffiliated stores in his study. The primary objective of Oesterle's study was to determine departmental gross margins, departmental sales volume, operating expenses and profitability of 86

¹ Martin Kriesberg, Martin Leiman, Milton Alexander, The Use of Fieldmen by Wholesale Food Distributors and Affiliated Retailers, U. S. Department of Agriculture, Marketing Research Report No. 266 (Washington: U. S. Government Printing Office, 1958), 43 pp.

affiliated and unaffiliated independent food stores of various sales volume categories in Indiana.¹

Unaffiliated stores did not follow suggested prices and a wider fluctuation in margin was observed for these stores, especially in the grocery and frozen food departments. Total inventory turnover averaged 33 times per year for affiliated compared to 23 times for unaffiliated stores. Affiliated stores spent about one per cent of sales for advertising regardless of sales volume. Unaffiliated stores had a much less consistent advertising expenditure.

The author stated that the lower total operating expense ratio of affiliated stores was believed to be the result of the pricing policy advocated by the wholesaler. Using wholesaler suggested prices was believed to make the retailer realize he was geared for high volume, low margin selling which emphasized the importance of keeping expenses at a minimum. In addition, the affiliated retailer could have been released from time-consuming tasks such as calculating prices and planning advertising. The time saved could have been used to supervise many details eventually resulting in a lower operating expense ratio.

¹Eric C. Oesterle, "A Financial Analysis of Independent Food Stores in Indiana," (unpublished Ph.D. dissertation, Department of Agricultural Economics, Purdue University, 1957), 180 pp.

Oesterle concluded that wholesaler buying plans [voluntary and cooperative groups] differed as to service offered, but the majority of the plans used by stores in the study supplied the retailer with aid in the form of pricing, advertising and merchandising. In Oesterle's study, fieldmen who personally contacted the retailer in order to extend the services of the affiliated wholesaler were generally former salesmen whose background and training were oriented toward selling. Productivity of retail store labor was reported to be similar whether the stores were affiliated or not.

Productivity of store facilities was recorded in terms of: (1) sales per square foot of total store area; (2) proportion of total store area allocated to display equipment, aisles, preparation, storage; (3) shelf area in specific departments; (4) sales per linear foot of display shelving. Although store layout and remodeling were stressed as a major service of affiliated wholesalers in Oesterle's study, differences in productivity of facilities between affiliated and nonaffiliated retailers were not apparent.

Wilmot's study was divided into two parts.¹ The first part presented the results of personal interviews with 84

¹Charles A. Wilmot, "Retailer Attitudes Toward Wholesaler-Retailer Integration and Possibilities of Increasing Retail Efficiency Through Management Assistance" (unpublished Ph.D. dissertation, Department of Agricultural Economics, Purdue University, 1957), 110 pp.

retailers distributed nearly equally in five sales volume categories ranging from \$800 to \$15,000 per week. The purpose of the interview was to determine attitudes of retailers toward special services offered by their affiliated wholesalers. The second section described operating practices of four independent food retailers. Wilmot counseled each of the four retailers and recommended changes in certain operating practices. Comparative operating statements for each store were shown at the beginning and end of a three-month period in order to measure the effectiveness of the changes recommended by Wilmot.

Retailer attitudes toward the special services were reported by Wilmot as follows. The primary retailer criticism of the pricing service was the fact that it was local and did not apply to outlying areas. Concerning promotional assistance, 58 per cent of the store owner-managers indicated that they did not want additional promotional assistance. Most responded negatively when asked if they would be interested in an accounting service sponsored by their wholesaler, except 47 per cent of the retailers in the \$3,000-\$5,000 weekly sales volume category said they would be interested. The majority of the retailers preferred to patronize a local business for insurance needs. Considering the fieldman, Wilmot concluded that smaller retailers were fairly well

satisfied with the work of the fieldman while one-third of the larger store operators classified the visits of the fieldman as a service which they could do without.

The second part of Wilmot's study seemed to represent a new approach to studying the use of special services in food distribution. In this part, Wilmot identified the work of the fieldman as one of the special services. In order to concentrate on the possible benefits the service could provide, he put himself in the role of a fieldman and personally advised four stores over a three-month period.¹

Wilmot's basic approach as an experimental fieldman was to analyze a recent income statement for each store. Based on his analysis and other observations, he would recommend changes to the owner-managers of the stores. The changes could be described under the headings of: (1) changing store layout; (2) changing store equipment; (3) pricing; (4) shelf position of goods; (5) advertising. In addition, Wilmot recommended changes in some buying and personnel practices. Each store had an improved net profit at the end of the three-month period. Although the situation under which Wilmot worked was atypical in several respects, he did

¹ According to the description of Wilmot's job experience appended to his dissertation, he had not had previous experience as a food retailer, store manager, or store employee.

demonstrate the type of changes that could be made in a retail store and the results that could be realized. Wilmot recognized that the time period was short under which his test was conducted and that his sample of four retail stores was quite small.

While recognizing the contribution of Wilmot's study to the understanding of special services, it also seems important to recognize that the changes made under Wilmot's guidance occurred in a small group environment consisting mainly of Wilmot and each store owner. The nature of the environment could have been an important factor conditioning the results reported in his study.

Barnard and Mayo seem to have expressed the idea that the existence of skill or knowledge and the need for this skill or knowledge is not necessarily going to result in the use of the skill to reduce the need. Progressive changes in business practices involve balancing the particular knowledge or skill, on the one hand, with the ability to organize individuals into teams, on the other hand, which can make use of the skill or knowledge available.¹ Following this line

¹ Chester I. Barnard, The Functions of the Executive (Cambridge: Harvard University Press, 1954), see especially the preface and the first 100 pages; and Elton Mayo, The Human Problems of an Industrial Civilization (New York: The Macmillan Co., 1933), pp. 55-76.

of thought, the problems encountered, techniques used and solutions resulting when one experimental fieldman increased the productivity of four retail stores are not necessarily going to be the problem, techniques and results encountered when one group, composed of fieldmen and other specialists hired by a wholesaler, attempt to work with another group consisting of retailers affiliated with the wholesaler.

Summary

The majority of independent retail food stores in the United States belong to either a voluntary or a cooperative group. Voluntary and cooperative group sales have more than doubled between 1951 and 1958, yet total sales of independent stores have decreased slightly and sales in the chain store category have increased slightly.

There is some indication that, in general, affiliation had not accomplished complete patronage loyalty nor do the studies cited show a clear-cut recognition on the retailers' behalf concerning the type of service they want or need. Wholesalers administering special services did not appear to have goals clearly in mind concerning what to ask of and what to do for retailers who are expected to benefit by using the special services.

Voluntary and cooperative groups are often said to

have been formed in order that food store owners could meet chain store competition. However, there is some indication that these groups were formed to aid wholesalers as much as to aid retailers. Retailers regained their sales position more rapidly than wholesalers following 1929. According to Kohls and Bromley, wholesalers who had affiliated retailers also had the lowest operating expense ratios. Benefits of affiliation could accrue to a wholesaler who had only a nominal investment in special services. Such services would be strong enough to discourage the retailer from trading with rival wholesalers but not strong enough to bring about significant changes in retail operating practices.

Several of the studies indicated that subgroups of retailers existed within the wholesalers' total membership of affiliated retailers. Retailers within the subgroups were said to have needs not shared by other subgroups within the membership. The conclusion was that specialized services must be somehow tailored to these needs to be most effective.

The retailers did not readily identify the special services of the wholesaler as a source of assistance. There was an indication that management counseling could improve the rate of return on retail investment and that the retailer would make changes in operating practices recommended by others. In general, the retailers in the studies cited did

not appear to have confidence in the wholesaler as a source of assistance in improving practices at retail.

As indicated previously, the sample studied in this investigation consisted of two wholesalers and 54 retailers. The material that follows describes the two wholesaling firms.

CHAPTER III

THE WHOLESALERS

Firm A--A Grocery Wholesaler Sponsoring a Voluntary Group

Firm A used two warehouse locations approximately 30 miles apart. Perishables, including fresh and cured meats, produce, frozen foods and dairy products, were warehoused and shipped from one location. Non-perishable groceries were warehoused and shipped from another location which contained 90,000 square feet of storage. Headquarters for firm A were located in the non-perishable, grocery warehouse.

Firm A was franchised. Approximately 78 other wholesaling firms in the United States and Canada operated under the same franchise. The franchise permitted any member wholesaler to buy and sell goods bearing a certain private label and to receive special services such as retail advertising, store site location, store design and drafting, retail personnel training materials, and aid or advice in store financing.

Table 8 shows the growth of firm A in terms of sales volume and retail membership. Since 1950, sales had increased approximately 200 per cent. Retail membership had increased

Table 8. Firm "A"--yearly sales volume and retail membership, 1948-1960.

| Year | Sales Volume | Retail Membership |
|------|--------------|-------------------|
| 1948 | --- | 90 |
| 1949 | --- | 100 |
| 1950 | 6,266,954 | 115 |
| 1951 | 7,132,536 | 118 |
| 1952 | 8,613,783 | 117 |
| 1953 | 9,865,062 | 115 |
| 1954 | 10,927,255 | 119 |
| 1955 | 13,045,334 | 119 |
| 1956 | 15,667,352 | 123 |
| 1957 | 16,704,336 | 125 |
| 1958 | 17,514,123 | 125 |
| 1959 | 18,331,337 | 130 |
| 1960 | 19,487,948 | 135 |

Source: Firm A company records.

50 per cent since 1948. These gains were made without the aid of the modern facilities now occupied. Construction of the present grocery warehouse was not completed until 1959. The company did not acquire the perishables warehouse until 1960.

Figure 2 shows some of the positions and functions found in firm A. This diagram is based on the organization chart of firm A as described by its general manager. A brief description will be given of the special services shown.

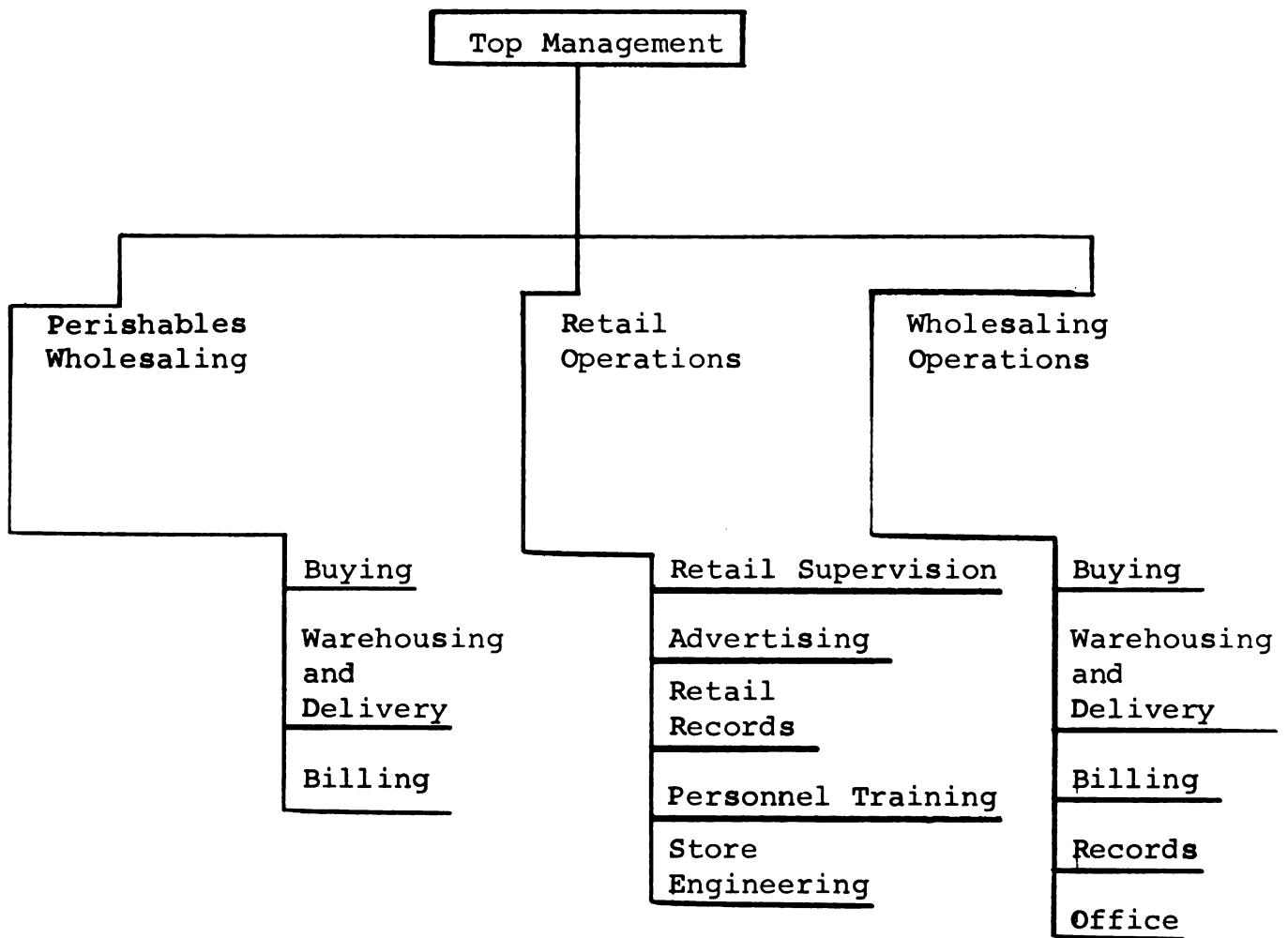
Supervisors employed by firm A called on retailers on a regularly scheduled basis. There were four meat supervisors, four general supervisors, and one produce supervisor. Firm A had employed supervisors since 1951.

A store engineering specialist was on call to assist in store remodeling and related problems when requested. He was considered to be a part-time employee of firm A.

Various alternative advertising arrangements were available for retail members. Using one alternative, the retailer received a mat each week which contained art work, a theme, and some blank spaces for prices and items to be added by the retailer.

Along with the mat, the retailer was sent a suggested list of items and prices to advertise. The suggested list was prepared by a committee composed of the general manager,

Figure 2. Firm A, chart of functions.



certain buyers and the advertising specialist of firm A. The retailer was free to use the mat or any part of it and he could use the suggested prices and items as he saw fit.

Some of the stores shared a common advertisement. Sharing was possible when the stores were within the circulation territory of a given newspaper. When this particular system was used, the advertising specialist at the warehouse prepared the entire ad including items and prices with the exception of some seasonal items. The ad was reviewed and adjustments were suggested by representatives of the retailers.

Other retailers used handbills and direct mail advertising which were prepared for them at the warehouse. The retailer was given an opportunity to make some adjustments before the final printing of the handbill.

Some retailers used a store accounting service available from firm A. Each retailer who used the service was identified by a number which permitted comparison of operating figures without identifying the store to others. Use of the accounting service was optional. Each user paid a fee based on sales volume of his store. The service had been available for approximately two years.

Experienced specialists hired by the central franchising organization selected all beef sold by the perishables warehouse. All beef selected was identified with the private label

of the franchising organization. Direct shipments were made by rail from the packers to the perishables warehouse of firm A.

A retailer ordered perishables by mailing an order form to the perishables warehouse. The order form was completed by the retailer without help from salesmen. Retailers were encouraged to limit their source of supply of perishables. In so doing, each retailer delegated much of his responsibility for perishables buying to specialists employed by firm A.

The supervisors reported directly to the general manager. Each supervisor submitted a weekly report showing the stores he had visited. Notations were made in the reports concerning events of an unusual nature which occurred during the store call.

A supervisor could increase his salary as much as 10 per cent by accomplishing certain objectives which received varying emphasis on a point scale. Maximum points were given for securing a new retail member. Increases in retail purchases by present members were next in importance. Points were given for weekend store promotions planned by a supervisor. A supervisor would also be given points when one of his retailers finished a store remodeling.

A meeting of supervisors was held on Monday morning. Each supervisor reported to the group during the meeting. A

representative from the perishables warehouse usually attended the meeting. Other specialists were often invited to attend.

Following the reports of the supervisor, the general manager, who was in charge of the meeting, explained merchandise oriented plans for the week and for coming weeks. These plans were also described in the merchandise bulletin which had been or would be sent to the retailers.

The supervisors worked in teams of two. One member of the team was called the meat specialist and the other member was called the general supervisor. Each team was assigned to approximately 35 stores. Although two supervisors were assigned to the same store, it would be unusual for both to call on a store at the same time. The produce supervisor called on all stores.

Four of the supervisors were observed over a four-day period. It was decided that several weeks of observation would be necessary in order to observe the full range of tasks performed by the supervisors. The following specific tasks were observed being performed by the supervisors.

A special sales promotion plan involving support from a large food processor was suggested to one retailer by a supervisor. The retailer was interested in the idea and asked the supervisor to obtain more information on possible dates for the promotion.

A supervisor encouraged another owner-manager to retain the services of a part-time employee and place him on full-time following his graduation from high school. One meat department manager wanted to know why the warehouse was not stocking a certain type of boneless beef for grinding. The supervisor promised to find out for him.

In one store the supervisor disagreed with a meat manager who was not labeling a meat cut as recommended by firm A. The label had not been changed by the time the supervisor finished his call on the store. Some help was given by the supervisor in one store when it became evident that the meat manager was behind in his work during a period of peak customer traffic.

Another retailer announced he was withdrawing his patronage from firm A. The retailer said he was not satisfied with the sales promotion help he had received from firm A. The supervisor explained the case for firm A to the retailer. The retailer subsequently withdrew.

One supervisor asked a retail employee in a store to remove some obsolete sales promotion materials. His request was performed. In another store, the supervisor told a meat manager to destroy some poultry which was going out of condition unless thorough washing could remove all trace of odor.

Much of the supervisor's time was used writing credits for the retailer during the store calls observed. The credits appeared to be the results of billing and selection errors made at the warehouse. Since then, firm A has installed new billing equipment.

Personnel training programs were conducted for retail employees and owner-managers by a retail training specialist. Skills were taught employees in the operations of the meat, produce, and dairy departments and in retail checkout stand operations. Some sessions were available for store owner-managers which stressed general subjects rather than specific skills.

The lessons were summarized in take-home booklets which firm A purchased from the franchising organization. Lesson plans and films were also available from the franchisor. Specialists from food manufacturing companies frequently took part in the training sessions.

Training sessions were held in various locations throughout the trading area of firm A. Travel time was thus reduced for the retail employees who participated. Sometimes the training sessions were incorporated into a convention type meeting. The educational program of firm A was quite new. One employee had worked full time on it for almost two years.

Firm B--A Retailer-Owned Grocery
Wholesaling Organization

Firm B had its beginning in a freight car in 1917. At the time of the study, the firm conducted business in a modern, one story building containing 325,000 square feet which included refrigerated and frozen food storage rooms as well as dry grocery storage. The firm's total sales for the 1959-1960 fiscal period were \$73,079,765.35. Sales had increased approximately 300 per cent since 1952.

A retailer interested in buying from firm B would typically submit a written application requesting membership. The board of directors could accept or reject the application. Upon acceptance, the retailer would buy ten shares of voting stock, which entitled him to one vote, and five shares of non-voting stock in firm B. All stock was sold to the retailer at \$100 per share par value.

A retailer could earn a patronage rebate based on his type and volume of purchases from firm B. Part of the rebate would be paid in cash to those retailers whose investment in firm B exceeded the average dollar value of one week's purchases. The entire patronage rebate would be paid in cash to retailers whose investment equaled at least three times the average dollar value of one week's purchases. The patronage rebate earned by the retailer but not paid in cash

was invested for him in non-voting stock and/or savings certificates of firm B, which paid five per cent interest. Bonuses or other tangible rewards were not awarded for recruiting new members.

The board of directors consisted of nine retailers elected from the retail membership. Each retailer was permitted one vote in electing the directors and on other matters referred by the board to the membership. The board elected the general manager who was directly responsible for the operation of the firm.

Table 9 shows trends in purchases from firm B by stores in three sales volume categories. Per cent of total stores and purchases accounted for by stores in the "Over \$375,000" category had approximately doubled since 1953. However, during the 1959-1960 time period, 65 per cent of the total membership consisted of stores with annual sales volume less than \$375,000.

The total capital account of firm B consisted of three sources of funds: (1) voting stock amounted to approximately 29 per cent (28.87) of the total capital account; (2) non-voting stock equaled 40 per cent (39.88); (3) paid-in surplus of 31 per cent (31.31). During the same fiscal period, members' saving certificates amounted to approximately one and one-half times (1.458) the total capital account.

Table

Year

1953

1955

1957

1959

Month

Start

1958

Dec 5

1958

1958

Dec 6

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1958

Table 9. Trend in store purchases and sales volume of member stores, firm "B," 1953-1960.

| Year | Sales at Retail Per Year | | | | | |
|---------|--------------------------|-----------------------------|--------------------------|-----------------------------|--------------------------|-----------------------------|
| | Under \$75,000 | | \$75,000-\$375,000 | | Over \$375,000 | |
| | Per cent
of
stores | Per cent
of
purchases | Per cent
of
stores | Per cent
of
purchases | Per cent
of
stores | Per cent
of
purchases |
| 1953-54 | 46.8 | 11.8 | 36.1 | 51.0 | 17.1 | 37.7 |
| 1955-56 | 29.8 | 4.8 | 50.5 | 35.3 | 19.7 | 59.9 |
| 1957-58 | 24.8 | 3.4 | 48.8 | 26.6 | 26.4 | 70.0 |
| 1959-60 | 18.0 | 2.0 | 47.0 | 20.0 | 35.0 | 78.0 |

Source: 1960 Annual Report of Firm B.

Members' saving certificates represented the largest single source of funds for the firm.

Using two principal criteria, ownership and advertising policy, the 426 stores affiliated with firm B could be separated into several subgroups. Subgroup 1, containing 39 stores, could be distinguished from the rest of the 426 stores because of multiunit ownership. The remainder could be classified as owner-managed stores. The owner-managed stores could be separated into several subgroups.

One subgroup contained 27 owner-managed stores located primarily within or on the periphery of three of the four largest cities in the state. In order to be in this

subgroup, stores were required to comply with several requirements stipulated by firm B. Each store identified itself by using the same store name. One per cent of sales of stores in this subgroup are paid to firm B in return for firm B's advertising service. The retailer is required to have his store records kept by firm B's store record keeping service. Each store agrees to stock a grade of meat which meets at least a certain minimum quality. Each store receives weekly calls from a store operations specialist employed by firm B. The specialist could suggest improvements in store operating practices. Stores in this subgroup are referred to as subgroup 2.

Another subgroup consists of 16 owner-managed stores in one metropolitan area who use the same store identification and share the cost of the same newspaper ad each week. This group is classified as subgroup 3.

A group of 48 individually owned stores use direct mail advertising from firm B. The direct mail pieces are identified with the name of the individual store and mailed to households in the trading area of each store. In addition to mailing charges, each store pays \$15.00 per week to firm B for the advertising service. These stores are classified as subgroup 4.

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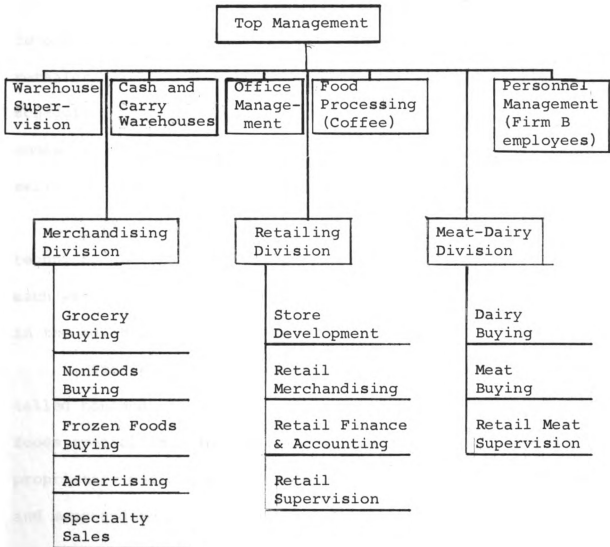
An advertising mat service is also made available by firm B to interested store owners within the membership. A store owner using the service receives a proof of the mat prior to receiving the mat. Items appearing on the proof could be changed at an extra cost to the retailer. Changes were not made frequently. The store owner is responsible for placing the mat with a newspaper of his choice. The mat service cost the retailer \$15.00 per week. Stores in this category totaled 51 and make up subgroup 5.

The remaining 243 member stores did not come within any of the subgroups mentioned. These stores were considered part of firm B because they maintained at least a minimum investment in the firm. All stores in firm B's membership were supplied with similar decals to be attached to the front door of each store. Retailers were not asked to sign a contract before becoming members of firm B.

Figure 3 shows some of the functions performed in firm B. Modifications were made in the actual chart in order to emphasize the duties performed in the: (1) merchandising; (2) retailing; (3) meat-dairy divisions shown on the diagram. Position description interviews provided the basis for identifying the duties performed.

Part of the functions performed in the merchandising division included dry grocery, nonfoods, and frozen foods

Figure 3. Chart of functions, firm B.



Source: Company organization chart, modified.

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buying. Complete merchandise lines were stocked in each of the three merchandise categories. The retailer was expected to order these goods by filling in an order catalogue. The retailer mailed the catalogues to firm B on a prearranged schedule. Each catalogue contained a description of the goods; the price to be paid by the retailer; suggested retail selling price; and, gross margin for each item listed.

The advertising department was responsible for the technical work necessary to produce 40 pages of newspaper ads each week. A weekly bulletin to retailers was also produced in the advertising department.

Specialty sales were performed by seven employees called nonfood specialists and one employee called a frozen foods specialist. The nonfoods merchandise line included proprietary medicines, cosmetics, household convenience items, and merchandise stocked temporarily for special sale.

Nonfoods specialists checked drug sections in the member stores and performed various functions including suggesting changes in shelf or special displays and changes in the assortment of nonfoods stocked by the retailer. Merchandise orders could be taken by the nonfoods specialist during his store call, but the retailer was expected to do his ordering or re-ordering of nonfoods by using a mail-in catalogue.

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The frozen foods retailing specialist might perform several tasks during a typical retail store call. These tasks included: (1) relocation of frozen foods display equipment; (2) demonstrating improved display methods; (3) demonstrating improved methods of inventory control. The specialist was assisting in a study designed to measure the sales volume of selected frozen foods in several test stores at the time his position description interview was conducted.

The retailing division was made up of functions called store development, retail merchandising, retail finance and accounting, and retail supervision. Store development provided special services such as site location, store remodeling, and layout of the store interior.

Retail merchandising was the term used to describe the functions of a committee. The committee was made up of a permanent chairman; the head of advertising; and, various buyers and their supervisors. The committee met once each week. At the meeting, various buyers presented suggested items to be used in future advertising. Items to be advertised were selected by the committee. Long-range advertising themes were also developed in these meetings.

Store records were kept in the retail accounting and finance section. Besides standard balance sheet and income

statement reports, applications for retailers who wished to apply for loans would also be prepared by the retail accounting section. Along with assistance in preparing applications, retailers could obtain advice as to available sources of funds. Firm B could make loans to retailers, co-sign promissory notes given by retailers and provide trade credit for merchandise under certain circumstances. Sales and profit projections, or budgets, for new or remodeled stores were also prepared in the finance and accounting section. A written analysis accompanied the financial statements sent to retailers at the end of a fiscal period. Approximately 25 per cent of the retail members used the accounting service.

Retail supervision was performed by two specialists called coordinators. Each coordinator was assigned certain stores. He called on these stores each week. All stores called on by coordinators were required to use the accounting and advertising services.

The coordinator would meet each week with two or three retailers selected by retailers who used the same newspaper ad. The retailers reviewed the proposed ad during this meeting and indicated final adjustments before printing. The coordinator took the adjusted ad to the advertising specialist who made the indicated adjustments and placed the ad with the printer.

Following the personal call to the retail store, the coordinator could make a written report appraising certain retail store operating practices which he had observed. The store owner-manager and the coordinator's supervisor would receive a copy of the appraisal.

Once a month the coordinator conducted a group meeting for his stores. The purpose of the meeting was to discuss the operating results of the previous month and future plans. During this meeting it was possible for each owner-manager to compare his store's operating results with those of other stores although the results were usually not identified with the name of the store.

Some semiperishable dairy products were warehoused by firm B. The retailer ordered these items by using a mail-in catalogue. Some meat products were also bought and sold by firm B. However, firm B also acted as a buying agent pooling the meat orders of several retailers. When acting as a buying agent, firm B did not usually take possession of the meat products.

Five specialists in meat retailing called on the stores who bought meat from or through firm B. The specialists were responsible for suggesting improvements in meat retailing practices and also acted as meat buyers. Two beef selectors

were employed who selected beef which had been ordered by the stores.

Summary

This sketch described some of the characteristics of firms A and B. Emphasis was given to the organization and administration of special services within the firms.

Supervisors were employed by firm A to call on all franchised stores. In addition, a store engineer was on call when needed; a specialist in retail store accounting was available; a full-time training specialist provided training sessions for retailers and their employees; and, an advertising specialist could advise and assist retailers.

Firm A could provide the retailer with almost all merchandise needed by him. In so doing, the ordering process could be standardized for the retailer; certain quality standards could be established by the wholesaler; and the retailer could delegate his buying function almost entirely to specialists employed by firm A. Firm A was franchised and the franchisor provided several forms of special services such as advertising mats, store draftsmen, and retail training aids.

A retailer was required to invest a certain amount in firm B before buying merchandise from it. The investment made

the retailer a member and a part owner of firm B.

Firm B provided several types of special services for its retail members such as: advertising, accounting, store drafting and interior layout, site location, assistance in financing, and advice on operating practices. Coordinators made personal calls on some stores.

Firm B warehoused a full line of dry grocery, nonfood, and frozen food products and a limited line of dairy and meat products. All products could be ordered by using mail-in order forms.

Almost half of the retail membership of firm B belonged to subgroups. The subgroups were identified on the basis of ownership or advertising policy.

Some characteristics of the retailers interviewed will be presented now. These characteristics are intended to familiarize the reader with the retailers whose responses to the schedule of questions are reported in Chapters V and VI.

CHAPTER IV

THE RETAILERS AND THEIR STORES

Discussion

The following characteristics applied to the retailers who participated in the study. For the 29 retailers in sample A, average length of retailer affiliation with firm A was 10 years; the retailers had been owners in their present stores for an average of 10 years; there was an average of 10 full- and part-time employees per store; average age of the owner-managers was 43 years; 27 of the 29 had finished high school; 10 had formal schooling beyond high school; and, estimated weekly sales volume for the 29 stores averaged \$10,000.00.

Average weekly sales were estimated by using information from several sources. Firm A had sales records for 11 of the 29 stores. Actual sales of the fourth week in January, March, June and September of 1961, were used in computing the average weekly sales of the 11 stores. Retailing specialists provided estimates of three stores whose owner-managers refused to estimate their average weekly sales. The retailing specialists who gave the estimates were employed by firm A and were in

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frequent contact with the three stores. Average weekly sales for the remaining stores were based on estimates by the owner-managers.

Owner-managers were considered to be persons who:

(1) had some ownership interest in the store; (2) were responsible for at least part of the operations of the store; and, (3) worked in the store in order to carry out their management duties. For sample A, 16 owner-managers said they were sole owners of their stores. Ten stores were organized as partnerships, and three as corporations. The sole owner was considered to be the owner-manager if he was personally directing and responsible for the operations of the store.

One of the partnerships in sample A consisted of two men and two stores. The partner interviewed was responsible for the store he was in at the time of the interview. Co-owners worked in five of the stores and had specific responsibility for a certain department in the store. In these cases, the co-owner interviewed was the one who was responsible for entire store operations. Entire store management was shared by co-owners in two of the stores. One schedule was completed for these stores. Efforts to interview both owner-managers were not successful. The feeling expressed was that one owner-manager could speak for the other. In two other stores, the co-owner was described as performing an

advisory function without working in the store regularly. The area of responsibility of co-owners in three of the stores was classified as miscellaneous.

The 25 retailers in sample B had been affiliated with firm B for an average of 9 years; they had been owners in their present stores for an average of 8 years; the average number of full- and part-time employees was 17; average age of the owner-managers was 42 years; 16 had finished high school; 7 had formal education beyond high school; weekly sales volume, computed by averaging actual weekly sales in the fourth week of January, March, June and September of 1961 for all stores, was \$15,511.00. Records of actual sales were available since each store used the record keeping services provided by firm B.¹

Among the 25 stores in sample B, 12 were organized as sole proprietorships; three as partnerships; and ten as corporations. Five of the co-owners were reported as managing a department within the store; three were said to

¹Each of the 25 retailers affiliated with firm B was asked to give an estimate of average weekly sales of his store. The estimates averaged \$16,200. The average weekly sales determined by sampling actual sales for four weeks for each of the 25 retailers was \$15,511. Thus, the estimated average weekly sales was only \$689.00, or approximately 4 per cent higher than the average determined by sampling actual sales. The conclusion was that the retailers gave very accurate estimates of their weekly sales.

share management of the entire store; one store reported that the co-owners performed an advisory function; and the co-owners in three of the stores were classified as performing miscellaneous functions.

The five characteristics used to describe the retailers sampled from firms A and B are shown in Tables 10, and 11. The figures shown indicate that the two groups were quite similar in respect to three of the five characteristics. However, employees per store averaged ten for retailers in sample A and store sales volume averaged \$10,000. For sample B, employees per store averaged 17 and average store sales were \$15,511.00. The ranges and standard deviations indicate that sample A showed less variation than sample B in four of the five characteristics cited. In respect to these characteristics, one would expect to find more similarity among the stores and owner-managers in sample A than among stores and owner-managers in sample B.

Stores in sample B were located in or on the periphery of three of the four largest cities in the state with the exception of one store located in an outlying city with a population of approximately 15,000. Stores sampled from firm A tended to be located in smaller towns. Table 12 shows the frequency of stores by population of town or city where the stores were located. Only four of the stores were located

Table 10. Five selected characteristics of sample "A" retailers.

| Characteristics | Average | Median | Range | Standard Deviation |
|------------------------------------|----------|---------|----------|--------------------|
| ^a Affiliation (years) | 10.10 | 8 | 29 | 6.22 |
| ^b Ownership (years) | 10.48 | 8 | 23 | 7.79 |
| ^c Employees (number) | 9.62 | 8 | 35 | 7.02 |
| Age | 42.62 | 46 | 31 | 9.25 |
| ^d Sales volume (weekly) | \$10,247 | \$9,048 | \$17,700 | \$4,152 |

^aHow long have you been affiliated with firm A?

^bHow long have you been an owner in this store?

^cHow many employees are on your payroll including part-time but excluding owner-managers?

^dWhat is your average weekly sales volume?

Table 11. Five selected characteristics of sample "B" retailers.

| Characteristics ^a | Average | Median | Range | Standard Deviation |
|------------------------------|----------|----------|----------|--------------------|
| Affiliation (years) | 9.24 | 6 | 41 | 8.84 |
| Ownership (years) | 8.28 | 6 | 23 | 6.28 |
| Employees (number) | 17.40 | 14 | 49 | 11.21 |
| Age | 42.50 | 43 | 31 | 9.28 |
| Sales volume (weekly) | \$15,511 | \$11,198 | \$38,825 | \$10,597 |

^aBased on same questions as asked in sample A.

Table 12. Population of towns and cities where sample "A" stores were located.

| Population | Number of Stores |
|------------------|------------------|
| less than 500 | 2 |
| 501 - 1,000 | 6 |
| 1,001 - 1,500 | 6 |
| 1,501 - 2,000 | 2 |
| 2,001 - 2,500 | 3 |
| 2,501 - 3,000 | 1 |
| 3,001 - 3,500 | - |
| 3,501 - 4,000 | 2 |
| 4,001 - 4,500 | 2 |
| 4,501 - 5,000 | 1 |
| 5,001 - 5,500 | - |
| 5,501 - and more | 4 |
| Total | 29 |

Source: Michigan Economic Development Department, Industrial Development Fact Sheet No. 3i, "Population." Lansing, 1961. (Mimeographed.)

in towns or cities with a population of more than 5,000.

For the stores in sample A, nine said they offered credit to households. Five said they had a regularly scheduled delivery service. Thirteen of the stores had paved parking lots adjacent to the store; five had unpaved parking lots; one used a metered city parking lot; and, the only customer parking available for nine of the stores was at the street curb.

Before becoming an owner in their present store, five of the owner-managers in sample A had owned a grocery store; seven had been store managers for corporate food chains; three had been corporate food chain store employees; four had been voluntary group supervisors; four had worked in non-chain grocery stores; one had been a student; and, five had occupations which were classified as miscellaneous.

Four sample B stores offered credit to households. The remainder reported that they did not offer credit except to employees and institutions. Only one of the sample B stores reported a regular delivery service to households. Twenty-three of the sample B stores had paved parking lots adjacent to the store. One had an unpaved parking lot and another used a paved shopping center parking lot. Thirteen had been owners in grocery stores before becoming an owner in their present store; eight had been employees in non-chain

grocery stores; one had been a salesman; one had been a student; and, two had occupations classified as miscellaneous. All stores in both samples recorded sales by departments using at least the grocery, meat and produce departments.

Summary

Sample A stores tended to be located in villages and towns under 5,000 population. Sample B stores were in or near three of the largest cities in the state. Average estimated weekly sales volume for sample A stores was approximately two-thirds as large as the average sales volume estimated for sample B stores. Stores in sample A showed less variation than sample B stores in four of the five characteristics cited.

Sole proprietorship or partnership was the form of organization used by 26 of the 29 stores in sample A. Stores in sample B were organized either as sole proprietorships or as corporations except for three stores which were partnerships. All stores, except one, in sample B had a paved parking lot at the side or rear of the store. For stores in sample A, 14 had paved parking lots, five had unpaved lots and nine had street parking only. Prior to owning their present store, five of the owner-managers in sample A had owned a grocery store; seven had been chain store managers;

three had been chain store employees; four had been voluntary group supervisors; and, four had been grocery store employees. In sample B, thirteen of the owner-managers had owned grocery stores previously; none had been chain store managers; but, eight had chain store experience as employees. Miscellaneous occupations were recorded for the remaining owner-managers.

CHAPTER V

ANALYSIS OF THE QUESTIONNAIRE--FIRM A

Questionnaire Objectives

The objectives of the questionnaire were to:

(1) determine the number of retailers in samples A and B who used certain special services; (2) appraise the extent some selected benefits had been realized by each retailer as a result of using certain services; (3) evaluate the influence of group participation on recent changes in specific retailing practices; (4) record the source of aid which had been particularly helpful to the retailers who had made changes in these retailing practices. The special services of firm A will be discussed first.

The Advertising Service--Firm A

All sample A retailers used some form of the advertising service. The service consisted of several activities. Many of the activities were used in combination but it was possible for a retailer to use some of them separately. As a result, firm A's advertising service was not used in a uniform way by all retailers. Therefore, the advertising service was

defined for each retailer as consisting of the various advertising aids or activities which he said he used. Table 13 shows the number of retailers using specific advertising aids provided by the advertising service of firm A.

Table 13. Number of sample "A" retailers using various advertising aids provided by firm "A".

| Types of
Advertising Aids | Number of
Retailers Using |
|--------------------------------------|------------------------------|
| Suggested items and prices | 25 |
| Store signs | 20 |
| Mat service | 14 |
| Handbill | 14 |
| Layout service | 10 |
| Group service | 5 |
| Supervisor as an advertising advisor | 2 |

As shown in Table 13, 25 of the retailers in sample A said they used the suggested list of items and prices. Window banners mailed to the retailer each week were the next most frequently used advertising aid. Some retailers received an advertising mat each week which could be used in various ways. Firm A prepared and mailed handbills to households in

the trading area of fourteen retailers. Five of the retailers said they used a group advertising service meaning that they shared a weekly newspaper ad with other stores. Two retailers recognized the store operations specialist or supervisor as an advisor in advertising matters.

All but three of the 29 retailers said they made a regular payment to firm A for the advertising aids used. Some said they paid a certain amount--between \$1.25 and \$3.00--each week which paid for signs and window banners. Others said they paid only for postage used in mailing handbills into their trading area from firm A. Three said that their share of the group ad was their payment for the advertising service. Four retailers said their payment for the advertising service was included in the service fee paid to firm A. The amount of the service fee was based on weekly purchases from firm A.

Based on the position description interviews, it was decided that five objectives could be reasonably associated with the advertising service. In order to ascertain the extent retailers had realized these objectives, ten statements were read to each retailer which declared that the five objectives had or had not been realized by the retailer as a result of using the advertising service. He was asked to rate each statement on the basis of the following five point

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scale: (1) I agree emphatically; (2) I agree; (3) I neither agree nor disagree; (4) I disagree; (5) I disagree emphatically. **The** retailer was instructed to refer to the scale, which had **been** typed on a card, and state the number of the choice which **most** nearly described his feelings about each statement read.

The ten statements described the following five **objectives** selected for the advertising service: (1) improved **price** impression; (2) spending fewer dollars on advertising; (3) saving time; (4) more return from advertising expenditures; (5) advertising a better selection of items. One statement **would** declare that a given objective, such as improved price **impressions**, had been realized by the retailer. Later, another **statement** would be read which declared that the same benefit **had** not been realized. The purpose of the positive and **negative** statements was to detect any tendency on the part of **the** respondent to develop a response set or the inclination to **give** all statements the same rating regardless of their **contents**. In order to be perfectly consistent, the proportion of **retailers** who rated the positive statement favorably should be the same as the proportion who rated the negative version of the same statement unfavorably.

A majority of retailers in sample A signified agreement with each positive statement and disagreement with each **negative** statement as shown in Table 14. The statement that

Table 14. Possible benefits of the advertising service as rated by 29 retailers in sample "A".

| Type of Benefit
Emphasized in
Each of Ten
Statements | Agree
Emphati-
cally | Agree
nor
Disagree | Neither
Agree
nor
Disagree | Dis-
Agree | Disagree
Emphati-
cally | Total |
|---|----------------------------|--------------------------|-------------------------------------|---------------|-------------------------------|-------|
| Price impression
improved | 11 | 17 | 1 | -- | -- | 29 |
| Spending fewer
dollars on
advertising | 11 | 9 | 3 | 5 | 1 | 29 |
| Time saved | 20 | 8 | 1 | -- | -- | 29 |
| Increased return
on adv. dollars | 16 | 11 | 1 | 1 | -- | 29 |
| Better selection
of items | 8 | 15 | 5 | 1 | -- | 29 |
| Price impression
not improved | -- | 4 | 2 | 17 | 6 | 29 |
| Spending more | -- | 4 | 2 | 12 | 11 | 29 |
| More time required | -- | -- | 1 | 12 | 16 | 29 |
| Decreased return | -- | -- | 1 | 18 | 10 | 29 |
| Selection of items
not improved | -- | 1 | 2 | 20 | 6 | 29 |

time was saved as a result of using the advertising service was scored highest by more retailers than any of the other four statements. Twenty retailers agreed emphatically that they saved time as a result of using the advertising service. The positive statement which received the most disagreement

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was the one which said that the retailer was spending fewer dollars on advertising as a result of using the advertising service. Six of the 29 retailers disagreed. If each of the 29 retailers had agreed that each of the five benefits of the advertising service had been realized by him, 144 agreements would have been obtained. Actually 126, or 87.5 per cent of the total possible agreements, were obtained.

The positive and negative statements provided some check on the consistency of a respondent's answers. One would expect a respondent who had agreed emphatically with a positive statement to disagree emphatically with the negative version of the same statement. Variations from this pattern would indicate that a person's responses had not been consistent. Table 14 shows that some inconsistencies did occur in the responses. In order to learn more about the extent of inconsistency, each retailer's response to a positive statement describing a certain objective of the advertising service was compared with his response to the negative version of the same statement (see Appendix E for the comparisons).

When making the comparisons, it was assumed that a variation of one position in either direction on the scale could occur without indicating inconsistency by the respondent. The result was that 12 of the 290 responses concerning the advertising service were considered to be inconsistent. The

conclusion was that in general the retailers were consistent in their responses.

Retail Accounting Service--Firm A

A record keeping or store accounting service was available to retailers affiliated with firm A. The service had been available for nearly two years. All retailers in the sample were aware of the availability of the service. Ten retailers in the sample used the service. Nine of the ten said they received complete financial reports (income statement and balance sheet) from the accounting service each 13 week interval. One retailer said he received the reports monthly. The accounting service also provided each retailer using the service with a quarterly report which showed operating figures from stores using the accounting service. The quarterly report figures were not identifiable by store name to other retailers receiving the report. The fee for use of the accounting service was based on store sales volume and ranged from \$5.00 to \$17.50 per week.

Results shown in Table 15 indicated that, of the ten retailers using the accounting service, five believed they had made changes in operating practices as a result of using the service which they would not have made otherwise. Four retailers were not sure if changes had been influenced by the

Table 15. Sample "A" retailers' ratings of the statement, "Due to my participation in the accounting service, I believe I have made changes in operating practices which I would not have made otherwise."

| | I Agree
Emphati-
cally | I
Agree | I Neither
Agree nor
Disagree | I
Disagree | I Disagree
Emphatically |
|------------------------|------------------------------|------------|------------------------------------|---------------|----------------------------|
| Number of
retailers | 1 | 4 | 4 | 1 | 0 |

accounting service; and, one did not believe that participation in the accounting service had influenced changes made by him. The retailers using the service also indicated eight sources which had been particularly helpful to them in analyzing the statements. The sources identified by the retailers were as follows: (1) own experience identified by seven retailers; (2) store operations specialists--two retailers; (3) other wholesaler employed specialists--two retailers. The remaining five sources: (1) meat retailing specialist; (2) observations of other stores; (3) meetings sponsored by the wholesaler; (4) relatives, partner, employees; and (5) other sources, were each selected by one retailer. The total exceeded ten since each retailer was asked to indicate as many sources as he wished.

Meat Program--Firm A

Following the position description interviews, it was concluded that there were two distinct parts to the meat program of firm A. One part consisted of personal store visits by meat retailing specialists. The other part consisted of a meat wholesaling service.

One objective of the meat retailing specialist was to act as an adviser to the retailer. By calling in person on the retailer's store, the specialist could become familiar with the retailer's operating practices. In this way, the specialist could establish a basis for recommending changes in meat department operating practices.

Based on position description interviews, it was concluded that meat retailing specialists would often suggest changes in three aspects of meat department operations: (1) meat department equipment; (2) arrangement of equipment in the work area of the meat department; (3) cleaning practices in the meat department. Therefore, the questionnaire was designed to find out if the retailers had made changes in each of these three meat department operations. If changes had been made, the influence of the meat retailing specialist was evaluated. The retailer was also asked to identify other sources which might have been useful to him in making the change.

The name or title of the meat retailing specialist was not used in parts of the questionnaire where an evaluation was asked from the retailer. The retailer would be asked to evaluate his group affiliation as a source of change rather than evaluating the meat retailing specialist as a source of change. However, the retailing specialist was assumed to be the principal factor being rated.

Equipment replacement or additions included any type of equipment used to prepare, sell, move, or store meat products in the store. Equipment arrangement referred to the placement or position of processing, packaging, weighing and other equipment used in the work area of the meat department. Changes in housekeeping or cleaning practices were defined as changes in cleaning equipment, methods, cleaning compounds, schedules or frequency of cleaning.

As shown in Table 16, the most frequent change mentioned by the retailers involved replacement or addition of equipment and the least number reported changes in housekeeping or cleaning practices. Several factors could have influenced the results shown in Table 16. Equipment replacement covered a wide range of possibilities while equipment arrangement was often undertaken as part of remodeling involving relocating the meat department or changing equipment and/or

interior decoration of other parts of the store. Changes made in the meat department which were a part of over-all store remodeling were not included. In general, the retailers seemed puzzled by the question which asked if they had made any changes in housekeeping or cleaning practices.

Table 16. Occurrence of change in three specific meat department operating practices--sample "A".

| Specific Type of Change | Number of Retailers Changing | Total Retailers Using Meat Program |
|-------------------------|------------------------------|------------------------------------|
| Equipment replacement | 21 | 24 |
| Equipment arrangement | 16 | 24 |
| Housekeeping practices | 3 | 24 |

After a retailer had acknowledged making a change in one of the three meat department operating practices, a sentence was read to him which said that the change had been made due to his participation in the wholesaler's group. The retailer was asked to rate the sentence using the same five point scale used before. Table 17 shows the retailers' ratings of group participation as a source of change.

Concerning equipment replacement, 14 of the 21 retailers making changes related the change to their participation in the group. Participation in the group was credited

Table 17. Sample "A" retailers' ratings of three statements concerning changes in meat department operating practices.^a

| Type of Change
Mentioned in
Each Statement | Agree
Emphati-
cally | Neither
Agree Nor Dis-
agree | Disagree
Emphati-
cally | Total | | |
|--|----------------------------|------------------------------------|-------------------------------|-------|----|----|
| Equipment re-
placement (1) | 4 | 10 | 2 | 4 | 1 | 21 |
| Equipment
arrangement (2) | 2 | 7 | 1 | 6 | -- | 16 |
| Meat department
cleaning
practices (3) | -- | -- | -- | 2 | 1 | 3 |

^aThe statements were: (1) As a result of my participation in the group, I have made changes in meat department equipment which I would not have made otherwise. (2) As a result of participation in the group, I believe I have made changes in arrangement of equipment in the work area of the meat department which I would not have made otherwise. (3) I believe that as a result of my participation in the group, changes have been made in meat department cleanliness (house-keeping) practices which would not have been made otherwise.

for nine of the 16 changes made in the arrangement of equipment. The three retailers who had changed meat department cleaning practices indicated that group participation was not an influential factor in the change.

Each retailer who had made a change in any of the three practices was asked to describe the source or sources which had been particularly helpful to him in making the change. A list of possible sources was shown to the retailer.

The list and the retailers' responses are shown in Table 18. Retailers who had made changes in specific meat department operating practices cited own experience, meat retailing specialist, and observation of other stores as the most helpful sources. Own experience was cited by almost twice as many retailers as the next most common source, meat retailing specialist.

Table 18. Sources retailers reported as being particularly helpful in making specific changes in meat department operating practices--sample "A".

| Sources | Number Selecting |
|---------------------------------------|------------------|
| Own experience | 23 |
| Meat retailing specialist | 13 |
| Store operations specialist | 8 |
| Other wholesaler employed specialists | 5 |
| Salesmen (not wholesaler employed) | 5 |
| Magazines, papers | 4 |
| Observations of other stores | 11 |
| Meetings sponsored by the wholesaler | 3 |
| Relatives, partner, employees | 4 |
| Other sources | -- |

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The other part of the meat program of firm A involved the wholesaling of meat to sponsored retailers. The meat wholesaling service stocked a complete selection of meats. The retailers who used the meat wholesaling service were expected to buy all their meat items from the wholesaling service. In return, the retailer was permitted to advertise the private brand and to purchase all meat products at one cent per pound above cost to firm A.

As a result of position description interviews with specialists and executives responsible for the meat wholesaling service of firm A, three objectives or goals of the service were selected. These objectives were to: (1) provide the retailer with beef at a lower price; (2) save time for the retailer; (3) improve quality of beef sold by the retailer.

In order to evaluate the extent these objectives had been reached, six statements were read to each retailer who used the meat wholesaling service. For each of the three objectives, one statement said the objective had been realized by the retailer and the other statement said the objective had not been realized. The retailer scored the statements by using the same five point scale used previously.

Results of the retailers' ratings of the three objectives of the meat wholesaling service are shown in Table 19. A total of 26 sample A retailers used the meat wholesaling

Table 19. Sample "A" retailers, ratings of statements which described certain objectives associated with use of firm "A's" meat wholesaling service.

| Type of Objective Emphasized in the Statement ^a | Number of Retailers Selecting Following Choices | | | | | Total |
|--|---|-------|----------------------------|----------|-----------------------|-------|
| | Agree Emphatically | Agree | Neither Agree nor Disagree | Disagree | Disagree Emphatically | |
| Lower price (1) | 8 | 12 | 2 | 4 | -- | 26 |
| Time saved (2) | 14 | 7 | 3 | 2 | -- | 26 |
| Quality better (3) | 9 | 15 | 0 | 1 | 1 | 26 |
| Price not lower (4) | -- | 7 | 4 | 9 | 6 | 26 |
| Time not saved (5) | 1 | 4 | 1 | 12 | 8 | 26 |
| Quality not better (6) | -- | 4 | 1 | 11 | 10 | 26 |

^aThe statements were: (1) By participating in the meat program, I can buy the same quality beef for a lower price than I could otherwise. (2) Because of participating in the meat program, time is saved which would otherwise be used talking to packers' salesmen. (3) By participating in the meat program, I can get a better quality beef for a given price than I could otherwise. (4) The price I pay for beef bought through the meat program is not any lower than I would pay otherwise for the same quality. (5) Considering the ordering and other procedures I must follow, I do not save time by buying through the meat program. (6) The quality of beef I buy through the meat program is not any better than I could buy otherwise at a comparable price.

service. Of these, 20 indicated agreement by selecting either "agree emphatically" or "agree" when rating the statement which said the purchase price of beef was lower than it would be otherwise; 21 agreed that they saved time as a result of using the service; 24 agreed that quality of beef purchased was better than it would be otherwise. Comparing agreements obtained with agreements possible, it is seen that 83 per cent of the total possible agreements were obtained.

In order to be consistent, a retailer selecting the "agree emphatically" choice for a positive statement should select the "disagree emphatically" choice for the negative version of the same statement. The results shown in Table 19 indicate that some inconsistencies did occur in the retailers' ratings.

In order to learn more about the inconsistency of retailers' ratings, a retailer's response to each positive statement about firm A's meat wholesaling service was compared to his response to the negative version of each statement. Assuming a variation of one position in either direction on the scale as allowable, six of the 156 responses were considered to be clearly inconsistent. The conclusion was that the retailers were quite consistent in their responses to these statements (see Appendix F for the comparisons).

The Store Supervisor as a Special Service--
Firm A

Based on position description interviews conducted in firm A, it was concluded that one objective of the supervisor or store operations specialist was to encourage retailers to make changes in certain store operating practices. Therefore, the schedule of questions was designed to find out:

(1) if the retailers had made certain changes in store operating practices; (2) if the retailers believed the changes had been made as a result of participation in the group; and, (3) specific sources the retailers believed to have been particularly helpful in making the changes. The specific store operating practices examined were: (1) store house-keeping practices; (2) special display practices; (3) shelf position of items; (4) freight receiving methods; (5) layout of storage area; (6) store equipment changes; (7) special sales. For each of the first six operating practices, the retailer was asked if he had made recent changes in the practice. For the last operating practice, special sales, the retailer was asked if he had held a recent special sale other than his regular weekly promotions.

Table 20 shows that 23 of the 29 retailers in sample A had participated in a recent special sale. Changes in shelf positions of items were reported by 20; store equipment

changes by 17; and, changes in special display practices by 14 of the 29 retailers in sample A. At least 22 of the 29 retailers reported that they had not made recent changes in store cleaning practices, freight receiving practices, or layout of the storage area.

Table 20. Number of sample "A" retailers who indicated they had made recent changes in specific store operating practices.

| Operating Practices | Change | Not Sure | Total |
|------------------------------|--------|----------|-------|
| Store housekeeping practices | 7 | -- | 29 |
| Special display practices | 14 | 3 | 29 |
| Shelf position of items | 20 | 2 | 29 |
| Freight receiving methods | 6 | 1 | 29 |
| Layout of storage area | 6 | -- | 29 |
| Store equipment | 17 | 1 | 29 |
| Special sales | 23 | 1 | 29 |

Each retailer who said he had made a recent change in a certain store operating practice was asked to rate a statement which declared that the change had been made as a result of or due to his participation in the group.¹ All

¹Includes retailers who said they were not sure a specific change had been made when, in the opinion of the interviewer, a change had actually been made.

statements were rated using the five point scale used before. The results, shown in Table 21, were as follows: (1) 19 out of 24 who had held a recent special sale agreed that, because of their participation in the group, they held more special sales than they would have held otherwise; (2) five of the seven who had made changes in freight receiving methods; (3) 11 of the 16 retailers who reported changes in special display practices; (4) 11 of the 18 who had made recent changes in store equipment; (5) 12 of the 21 who had made recent changes in shelf positions of items; (6) one of the seven who had made recent changes in store cleaning practices; (7) none of the six who had made changes in backroom layout agreed that the changes were due to their participation in the group.

Each retailer who had made a change in a specific store operating practice was asked to identify the source or sources, shown in Table 22, which had been particularly helpful to him in making the change. Own experience was indicated by more retailers than any other source. The second most frequently cited source was store operations specialists. Observation of other stores, salesmen (not employed by firm A) and other specialists employed by firm A, were selected by at least 18 retailers. The remaining four sources were cited by fewer than ten retailers.

Table 21. Retailers' ratings of statements describing group participation as a source of change in selected store operating practices--sample "A".^a

| Operating Practice | Agree Emphatically | Agree | Neither Agree nor Disagree | Disagree | Disagree Emphatically | Total |
|----------------------------|--------------------|-------|----------------------------|----------|-----------------------|-------|
| Store house-keeping (1) | -- | 1 | 2 | 2 | 2 | 7 |
| Special display (2) | 3 | 8 | 2 | 3 | -- | 16 |
| Shelf position (3) | 4 | 8 | 4 | 4 | 1 | 21 |
| Freight receiving (4) | 1 | 4 | -- | 2 | -- | 7 |
| Layout of storage area (5) | -- | -- | 4 | 2 | -- | 6 |
| Store equipment (6) | 2 | 9 | 1 | 6 | -- | 18 |
| Special sales (7) | 5 | 14 | 1 | 4 | -- | 24 |

^aThe statements were: (1) Since participating in the group, I definitely feel that changes have been made in house-keeping practices in my store which would not have been made otherwise. (2) As a result of participation in the group, I believe I definitely have made changes in special display practices in my store which I would not have made otherwise. (3) As a result of my participation in the group, changes have definitely been made in shelf position of items which would not have been made otherwise. (4) As a result of my participation in the group, I definitely have made changes in freight receiving methods which I would not have made otherwise. (5) Since participating in the group, I believe I have definitely made changes in the layout of the backroom storage area which I would not have made otherwise. (6) As a result of participating in the group I have made changes in store equipment which I would not have made otherwise. (7) As a result of my participation in the group, I feel I have had more special, in-store sales than I would otherwise.

Table 22. Sources retailers reported as being particularly helpful in making specific changes in selected store operating practices--sample "A".

| Source | Total Retailers |
|---|-----------------|
| Own experience | 52 |
| Meat retailing specialist | 6 |
| Store operations specialist | 37 |
| Other specialists (wholesaler employed) | 18 |
| Salesmen (not employed by wholesaler) | 19 |
| Magazines, papers | 11 |
| Observation of other stores | 21 |
| Meetings | 9 |
| Relatives, partner, employees | 6 |
| Other sources | 2 |

Long-Run Services--Firm A

Three of the special services performed by firms A and B were classified as long-run because, when using these services, the retailer would typically make some alterations in fixed assets. These services were called: (1) store remodeling; (2) store site selection; (3) financial. Table 23 shows the number of retailers in sample A who: (1) were aware of each of the long-run services; (2) had used the services; (3) would use the services again; (4) would use the services in the future if needed.

Table 23. Sample "A" retailers' awareness, use, willingness to use again, and willingness to use certain long-run services available from firm "A".

| Type of Service | Number of Sample "A" Retailers | | | |
|------------------|--------------------------------|--------------|-------------------------|-----------------------------|
| | Aware of Service | Used Service | Would Use Service Again | Would Use Service if Needed |
| Store remodeling | 29 | 23 | 22 | 5 |
| Site selection | 28 | 12 | 10 | 11 |
| Financial | 28 | 9 | 9 | 10 |

One retailer was not aware of the store site selection service and one was not aware of the financial services; 23 retailers had used the store remodeling service; 12 had used the site selection; and, nine had used the financial service. Of the 23 who had used the store remodeling service, 22 said they would use it again; of the 12 who had used the site selection service, 10 would use it again; all of the nine who had used the financial service would use it again.

If the retailer had not used the service before, he was asked if he would use the service if the need arose. For the site selection service, 11 said they would. Ten retailers said they would use the financial service. Of the six who had not used the remodeling service, five said they would use the service if needed.

Retail Employee Training--Firm A

A training program, consisting of regularly scheduled training sessions and a specialist in charge of training, was available from firm A. The questionnaire was designed to determine the number of retailers who had used certain parts of the training service and some aspects of how the training was used by the retailers.

Each retailer in sample A was aware of the training in meat retailing provided by firm A; 23 said they were using the training in meat retailing; 11 retailers reported one person attended the last session; five stores had two attend; four stores had three employees at the last meat retailing session. Seven of the owner-managers said the last meat retailing session used by them lasted three consecutive days; two reported using sessions lasting two consecutive days; five had used one day sessions; and, five said the last session used by them was held in the evening. Meat retailing training sessions sponsored by firm A had been attended by 17 owner-managers. Since using the last meat retailing session, seven retailers reported training sessions had been made available to them which they had not used.

All of the reasons for not attending or sending an employee to the last meat retailing session emphasized either

lack of time, conflict with other plans, or expense involved in hiring replacements. For the six retailers who said they did not use the meat training service, four explained that their own meat department manager was competent to train the less experienced employees and their manager's knowledge or skill would not be increased by attending the training sessions. The two remaining retailers who had not used the last meat retailing session gave reasons which emphasized conflict with other plans or lack of time.

Each retailer in sample A was aware that firm A had training available for supermarket checkout operators. Twenty of the retailers said they were using the checkout training; 17 had used the service within the past year; 14 had sent at least two employees and six retailers had sent three or more employees to the last checker training session. Four of the retailers reported that the last training session used by them lasted three days; eight retailers reported a two day session; seven said the last session used by them was one day long. Checker training sessions had been attended by seven of the owner-managers.

The most recent checker training session had not been used by nine of the retailers. One retailer said he had not used the last session because he was not satisfied with the quality of the previous session. The remaining eight

retailers cited reasons which emphasized shortage of time, conflicts with other plans, inconvenience, and redundancy of the training.

Checker training was not being used at all by nine of the retailers. The reasons given for not using the service are summarized as follows: one said that his cash registers were not the same type as those used by the trainer; one said he preferred to have his experienced checkers train those less experienced. The remainder cited conflicts in schedule, lack of replacement help and shortage of time as reasons for not using the checker training service.

Part of the retail employee training program of firm A included training in retail dairy department operations. The dairy retailing sessions were co-sponsored by firm A and a dairy products manufacturer. Eighteen of the retailers in sample A were aware of the training in dairy products retailing made available to them through firm A. Nine said they were using or had used the service. Lack of time and conflicts in scheduling were the primary reasons given for not using the service.

Training for grocery department employees, such as instruction in receiving, storing, stocking, marking and displaying, was recognized as available from firm A by 14 of the retailers in sample A. Five said the training was

conducted in the form of a combination sales promotion and training meeting; two retailers said the training in grocery department operations was performed by the supervisor during his personal call; two retailers said they had sent employees to evening sessions which emphasized training in store operating practices.

When asked if they paid for the personnel training service, 25 of the retailers said they were making a weekly payment. The amount indicated by some was \$3.00 and others said \$3.50 although many were not sure of the amount. Two said they made a specific payment for each training session used and did not make weekly payments. Almost all pointed out that the weekly payment for training was actually a pre-paid subsistence expense because employees were furnished meals by firm A during the training session. Training sessions were held locally to eliminate lodging expenses and reduce travel. Most of the retailers indicated that the employee was expected to pay for his own transportation but their policies in this matter showed much variation. The majority of the retailers said their employees were kept on full pay while attending training sessions although policies in this matter appeared to reflect the time, type of training, and person attending the training. One retailer stated that his employees trained on their own time.

About the same number of sample A retailers thought firm A should place more emphasis on personnel training as those who thought personnel training was receiving enough emphasis from firm A. Twelve said the service should be expanded and ten said the present service was about right and needed no further expansion.

Summary

Some form of the advertising service offered by firm A was used by each of the sample A retailers. In order to estimate the effectiveness of the advertising service, each retailer was asked to evaluate five statements which declared that certain objectives had been reached by him through use of the advertising service.

Over 90 per cent of all sample A retailers agreed that as a result of the advertising service they had saved time, improved the price impression of their store, and increased return on the dollars they spent on advertising. Approximately 70 per cent agreed that use of the advertising service resulted in their spending fewer dollars on advertising; similarly, approximately 70 per cent agreed that use of the advertising service resulted in their advertising a better selection of items.

Each sample A retailer had the choice of using or not using a retail store accounting service provided by firm A. Ten of the 29 retailers used this service. Of the ten, five agreed that they had made changes in operating practices as a result of the service which would not have been made otherwise.

Three meat department operating practices were examined to see if the meat retailing specialist had influenced changes in these practices. Concerning one of the operating practices called "equipment replacement" approximately 58 per cent of the retailers said they had made changes in equipment because of their group affiliation; 38 per cent agreed they had made changes in the arrangement of equipment; but, none of the retailers agreed that their group affiliation had influenced any changes made by them in meat department cleaning or housekeeping practices.

The meat wholesaling service was assumed to have at least three objectives. The effectiveness of the meat wholesaling service was evaluated by asking each retailer using the service if these objectives had been realized by him as a result of using the service. The result was that over 90 per cent of the retailers agreed that quality of beef purchased by them was better; approximately 77 per cent agreed that they saved time and that they purchased beef at a lower

price as a result of participating in the meat wholesaling service.

A supervisor specializing in store operations called on each sample A retailer. As a means of evaluating the effectiveness of this specialist, each retailer was asked if he had made recent changes in seven different store operating practices. If a change had been made, the retailer was asked to rate a statement which said that the change had been made as a result of his participation in the group. The results were: (1) 65 per cent of the sample A retailers agreed they had more special sales in their stores as a result of participating in the group than they would have had otherwise; (2) 41 per cent said they had made changes in shelf position of items they would not have made otherwise; (3) 38 per cent agreed store equipment changes had been made as a result of group participation; (4) 38 per cent agreed changes had been made in store equipment; (5) 19 per cent agreed changes had been made in freight receiving methods; (6) however, only one retailer agreed that his group participation had influenced changes made by him in store house-keeping practices; and, (7) none of the retailers agreed that the group had influenced changes in the layout of their back-room storage areas.

In order to evaluate the retailers' willingness to use three special services, called long-run services, each retailer who had used a specific long-run service was asked if he would use it again. If the service had not been used before, the retailer was asked if he would use the service if the need arose. The result was that 27 of the 29 retailers said they would use the store remodeling service; 21 said they would use the site selection; and 19 said they would use the financial service.

Firm A had a regularly scheduled retail personnel training program. During the past two years, one specialist had been working full time in retail personnel training. Twelve of the retailers said they would like to have firm A expand retail personnel training activities; ten retailers said the present service needed no further expansion. The remaining retailers either did not use the service or did not express an opinion.

CHAPTER VI

ANALYSIS OF THE QUESTIONNAIRE--FIRM B

The Advertising Service--Firm B

All stores in sample B were identified by the same trade name and used the same basic ad. The ads were placed in three metropolitan newspapers each having concentrated circulation in the areas where all except one of the stores were located. One of the stores was geographically isolated from the rest. He used basically the same ad as the others but it was printed in a local paper.

Each retailer in sample B agreed to pay one per cent of his store's sales to firm B as his share of the costs of producing and printing the ad. The advertising service was used in practically the same way by all retailers in sample B which made the service more easily identified than was the case in sample A.

In order to ascertain the retailers' opinions about the advertising service, ten statements were read to each retailer. He was asked to score the statements using a five point scale. The statements and the scale were the same as had been used when interviewing sample A retailers. The

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scores given by sample B retailers are summarized in Table 24.

Table 24. Possible benefits of the advertising service as rated by 25 retailers in sample "B".

| Statement | Agree
Emphati-
cally | Agree | Neither
Agree nor
Disagree | Dis-
Agree | Disagree
Emphati-
cally | Total |
|----------------------------------|----------------------------|-------|----------------------------------|---------------|-------------------------------|-------|
| Price impres-
sion improved | 10 | 12 | 2 | -- | 1 | 25 |
| Spending fewer
dollars | 14 | 7 | 1 | 3 | -- | 25 |
| Time saved | 21 | 4 | -- | -- | -- | 25 |
| Increased return | 17 | 5 | 3 | -- | -- | 25 |
| Better selection | 10 | 10 | 4 | -- | 1 | 25 |
| Price impression
not improved | 1 | 2 | 4 | 12 | 6 | 25 |
| Spending more | 2 | 3 | 1 | 12 | 7 | 25 |
| More time required | -- | -- | -- | 8 | 17 | 25 |
| Decreased return | -- | -- | 2 | 9 | 14 | 25 |
| Selection not
improved | 1 | -- | 5 | 13 | 6 | 25 |

A majority of retailers agreed with the positive statements which declared that the five benefits or objectives of the advertising service had been realized by each sample B retailer. Similarly, the majority disagreed with statements

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which said the objectives had not been realized. As was true for sample A, the retailers scored "time saving" higher than any other objective listed. Disagreement with the positive statements was almost nonexistent. However, three retailers did disagree with the statement which said that, as a result of the advertising service, they were spending fewer dollars on advertising.

If each of the 25 retailers had agreed that each of the five objectives of the advertising service had been realized, 125 agreements would have been obtained. Actually, 110, or 88 per cent of the total possible agreements were obtained.

In order to be perfectly consistent, a retailer who had answered a positive statement with an emphatic agreement would have answered the negative version of the same statement with an emphatic disagreement. The results shown in Table 24 indicated that complete consistency in the retailers' responses did not exist. An indication of the extent of inconsistency can be obtained by comparing each retailer's response to the positive and negative statements describing each of the five benefits. The same procedure was followed when comparing the consistency of responses from sample A retailers. The result was that, of the 250 statements describing objectives of the advertising service, six of the retailers were judged to have

been definitely inconsistent in their responses to statements about the advertising service (see Appendix G for the comparisons).

Retail Accounting Service--Firm B

Each retailer in sample B used the accounting service made available by firm B. An income statement and balance sheet were sent to each retailer thirteen times a year. Dry grocery inventory was taken four times a year but perishable goods were inventoried each four week period. The retailer was responsible for taking his own inventory. A letter of analysis accompanied the financial statements. The letters were written by accounting specialists who worked in the store accounting department of firm B.

The store accounting service had been available from firm B since 1955. A base fee was charged for the service in proportion to store sales. The fee ranged from \$7.50 to \$20.00 per week. Additional fees were charged for income tax and other special financial reports.

The responses shown in Table 25 indicate that 21 of the retailers associated their participation in the accounting service with changes they had made in operating practices. One retailer in the sample was excluded because he had used the service for less than one month. One retailer did not

believe his use of the accounting service had influenced changes in his store operating practices. Two were undecided about the effect of the accounting service as a source of change.

Table 25. Sample "B" retailers' ratings of the statement, "Due to my participation in the accounting service, I believe I have made changes in operating practices which I would not have made otherwise."

| | Agree
Emphati-
cally | Agree | Neither
Agree nor
Disagree | Dis-
Agree | Disagree
Emphati-
cally | Total |
|------------------------|----------------------------|-------|----------------------------------|---------------|-------------------------------|-------|
| Number of
retailers | 14 | 7 | 2 | 1 | 0 | 24 |

Each retailer was asked to use the list shown in Table 26 to select source or sources that had been particularly helpful to him in analyzing his financial statements. The most frequently cited source was "own experience." The next most frequently cited source was the category, "other wholesaler specialists," which referred to the letter of analysis the retailer received from the accounting specialist. Eight retailers designated monthly meetings held by firm B as being particularly helpful in analyzing their financial statements. During the monthly meeting the retailer could compare his profit and loss figures with those of nearby stores belonging to the group. In some cases, the figures were identified by

the store owner's name but some stores were identified only by number. Seven retailers cited the store operations specialist as a source particularly helpful to them when analyzing their financial statements. The remaining sources were cited by fewer than five retailers.

Table 26. Sources retailers reported as being particularly helpful in analyzing their financial statements.

| Sources | Number of
Retailers Selecting |
|---|----------------------------------|
| Own experience | 12 |
| Meat retailing specialist | 0 |
| Store operations specialist | 7 |
| Other wholesaler employed specialists | 12 |
| Salesmen (not employed by the wholesaler) | 0 |
| Magazines, papers | 2 |
| Observations of other stores | 3 |
| Meetings sponsored by your wholesaler | 8 |
| Relatives, partners, employees | 1 |
| Other sources | 4 |

Meat Program--Firm B

The meat program of firm B was made up of two main parts similar to the meat program of firm A. One part consisted of the personal store visits of meat retailing

specialists and the other part consisted of a type of meat wholesaling service. Each meat retailing specialist was also a meat buyer. He spent at least one day a week telephoning or visiting suppliers in order to place retailers' meat orders. The orders were phoned or mailed to him by retailers.

The effectiveness of the personal call of the meat retailing specialists employed by firm B was evaluated by determining if changes had been made in the same three meat department operating practices used in sample A and shown in Table 27. Retailers who said a specific change had been made were asked to rate the extent their participation in the group had influenced the change. The retailers were asked to rate the effect of the group rather than the influence of a specific meat retailing specialist in order to avoid asking a retailer to rate an individual. The meat retailing specialist was assumed to be the principal source being rated.

Table 27. Occurrence of change in three specific meat department operating practices--sample "B".

| Specific Types
of Changes | Number of
Retailers Changing | Total Retailers
Using Meat Program |
|------------------------------|---------------------------------|---------------------------------------|
| Equipment replacement | 16 | 23 |
| Equipment arrangement | 2 | 23 |
| Housekeeping practices | 2 | 23 |

The results in Table 27 show that, of the three possible changes examined, equipment replacement was the only change made by more than two of the sample B retailers. Equipment replacement was defined as replacements, additions or changes in meat department display, processing, handling or storage equipment since the store was new or last remodeled. Five of the 16 retailers indicating equipment changes agreed that the changes had been made as a result of their participation in the group. The four who had made changes in the remaining two operating practices did not agree that the changes had been influenced by their group participation.

Retailers who had made changes in meat department operating practices were also asked to indicate specific sources that had been particularly helpful to them in making each change. The same list of sources had been used for sample A retailers. A retailer could select more than one source from the list or give other sources if desired. Own experience, cited by 12 retailers, was the most frequent source of information or assistance. Other sources cited were: (1) observation of other stores, seven retailers; (2) salesmen not employed by firm B, five retailers. All other sources were cited by fewer than four retailers. Only one cited the meat retailing specialist as a source of assistance.

The other part of the meat program of firm B, called the meat wholesaling service, appeared to be in a stage of transition between the functions of a buying agent and the functions of a meat wholesaler. Some meat products were purchased, stored, sold and delivered by the wholesaler. Other meat products were purchased by the retailer and billed through the wholesaler. Some of the items were ordered and billed through the wholesaler but warehoused and delivered by the supplier. Six of the retailers indicated almost all their meat products were delivered by firm B. Seventeen said that meat deliveries were made by both firm B and the processor.

The organization and administration of firm B's meat program differed from that of firm A. However, position description interviews with meat retailing specialists hired by firm B indicated that some of the same objectives were stressed by each meat program. The specific objectives tested in the questionnaire were: (1) lower purchase price of beef; (2) saving of time; (3) better quality for a given price. As in sample A, the three objectives were stated in positive and negative sentences and the retailer was asked to rate each sentence. Each retailer used the same five point scale used before. Table 28 shows the ratings given by 22

of the 25 retailers in sample B.¹

Table 28. Sample "B" retailers' ratings of three statements concerning objectives associated with the meat wholesaling service of firm "B".

| Type of Objective Emphasized in Each Statement ^a | Number of Retailers Selecting Following Choices | | | | | Total |
|---|---|-------|----------------------------|----------|-----------------------|-------|
| | Agree Emphatically | Agree | Neither Agree Nor Disagree | Disagree | Disagree Emphatically | |
| Lower price (1) | 1 | 8 | 9 | 4 | -- | 22 |
| Time saved (2) | 15 | 6 | 1 | -- | -- | 22 |
| Quality better (3) | 4 | 10 | 6 | 2 | -- | 22 |
| Price no lower (4) | -- | 8 | 6 | 7 | 1 | 22 |
| Time not saved (5) | -- | -- | 2 | 13 | 7 | 22 |
| Quality not better (6) | -- | 3 | 8 | 10 | 1 | 22 |

^aThe statements were: (1) By participating in the meat program, I can buy the same quality beef for a lower price than I could otherwise; (2) Because of participating in the meat program, time is saved which would otherwise be used talking to packers' salesmen; (3) By participating in the meat program, I can get a better quality beef for a given price than I could otherwise; (4) The price I pay for beef bought through the meat program is not any lower than I would pay otherwise for the same quality; (5) Considering the ordering and other procedures I must follow, I do not save time by buying through the meat program; (6) The quality of beef I buy through the meat program is not any better than I could buy otherwise for a comparable price.

¹Three retailers were not asked to rate these statements because: (1) one retailer said he did not think himself qualified since meat buying was done by his father; (2) two of the retailers did not, in the opinion of the interviewer, use the service intensely enough to rate the statements satisfactorily.

Almost all retailers in sample B signified agreement that their participation in the meat program saved them time. Fourteen of the 22 agreed that quality of beef purchased through the meat program was better than they could purchase otherwise for a comparable price. However, only nine of the 22 retailers agreed that the purchase price of beef of comparable quality had been lowered due to their participation in the meat program. Comparing agreements recorded with total possible agreements, 67 per cent of the total possible agreements were recorded by the sample B retailers when rating the three objectives of the meat wholesaling service.

Approximately the same proportion disagreed with the negative statements as had agreed with the positive statements describing the three objectives of the meat wholesaling service. A comparison of individual retailer's ratings of positive and negative statements describing the same objective indicated that one retailer gave a clearly inconsistent response when rating one of the three objectives. Each of the remaining retailers in sample B gave responses to the negative statements which did not disagree with their responses to the positive statements by more than one position on the five point scale. The conclusion was that the retailers were consistent in their responses to statements about the meat wholesaling service of firm B.

The Store Coordinator as a Special
Service--Firm B

In order to evaluate the store coordinator or store operations specialist as a source of change in certain store operating practices, the questionnaire was designed to find out: (1) if the retailers had made changes in certain operating practices; (2) if the retailers believed the changes were made as a result of participation in the group; (3) specific sources the retailers believed to have been particularly helpful in making the changes. The same procedure was used to evaluate the store operations specialists in firm B as was used in firm A.

The specific store operating practices examined were the same as for sample A retailers and were called: (1) store housekeeping practices; (2) special display practices; (3) shelf position of items; (4) freight receiving methods; (5) layout of storage area; (6) store equipment changes; (7) special sales. For each of the store operating practices, each retailer was asked if he had made a recent change in the performance of the practice or, in the case of special sales, the retailer was asked if he had participated in a recent special sale other than his regular weekly promotion.

Table 29 shows that 22 of the 25 retailers in sample B had participated in a recent special sale. Changes in shelf

positions of items were reported by 18; store equipment changes by 18; special display practices by 15 of the 25 retailers in sample B. At least 18 reported that they had not made recent changes in freight receiving methods, store housekeeping or cleaning practices, or layout of the storage area.

Table 29. Occurrence of change in selected store operating practices--sample "B".

| Operating Practices | Number of
Retailers Changing | Not
Sure | Total |
|------------------------------|---------------------------------|-------------|-------|
| Store housekeeping practices | 6 | -- | 6 |
| Special display practices | 15 | 3 | 18 |
| Shelf position of items | 18 | 4 | 22 |
| Freight receiving methods | 4 | -- | 4 |
| Layout of storage area | 6 | 1 | 7 |
| Store equipment | 18 | -- | 18 |
| Special sales | 22 | 2 | 24 |

Each retailer who indicated he had made a specific change was asked to rate a statement which said the change had been made as a result of his participation in the group.¹ All statements were rated on the basis of the five point scale

¹Includes the retailers who said they were not sure a specific change had been made when, in the opinion of the interviewer, a change had actually been made.

used before. The results, shown in Table 30, were as follows:

(1) 21 out of 23 agreed they had held more special sales as a result of their participation in the group than they would have held otherwise; (2) 14 out of 18 who had made recent changes in special display practices; (3) 14 out of 22 who had made recent changes in shelf positions of items; (4) 7 out of 18 who had made recent additions or replacements of store equipment; (5) 4 out of 7 who had changed layout of the storage area; (6) 1 out of 4 who had made recent changes in freight receiving methods agreed that they had made the changes due to their participation in the group. None of the six who had made changes in store cleaning practices agreed that their group participation had influenced the change.

Table 31 shows that retailers in sample B indicated three sources as having been particularly helpful to them when they made changes in specific store operating practices. The three sources were: (1) specialists employed by the wholesaler (other than the store operations specialist), 41 retailers; (2) own experience, 32 retailers; (3) store operations specialist, 27 retailers. The remaining sources were not cited by more than ten retailers.

Table 30. Sample "B" retailers' ratings of statements describing group participation as a source of change in selected store operating practices.^a

| Operating Practices | Agree Emphatically | Agree | Neither Agree nor Disagree | Disagree | Disagree Emphatically | Total |
|----------------------------|--------------------|-------|----------------------------|----------|-----------------------|-------|
| Store house-keeping (1) | -- | -- | 2 | 4 | -- | 6 |
| Special display (2) | 6 | 8 | 3 | -- | 1 | 18 |
| Shelf position (3) | 8 | 6 | 5 | 2 | 1 | 22 |
| Freight receiving (4) | 1 | -- | 2 | 1 | -- | 4 |
| Layout of storage area (5) | -- | 4 | 1 | 2 | -- | 7 |
| Store equipment (6) | 1 | 6 | 4 | 6 | 1 | 18 |
| Special sales (7) | 13 | 8 | 1 | 1 | -- | 23 |

^aThe statements were: (1) Since participating in the group, I definitely feel that changes have been made in housekeeping practices in my store which would not have been made otherwise; (2) As a result of participating in the group, I believe I definitely have made changes in special display practices in my store which I would not have made otherwise; (3) As a result of participation in the group, changes have definitely been made in shelf position of items which would not have been made otherwise; (4) As a result of participation in the group, I definitely have made changes in freight receiving methods which I would not have made otherwise; (5) Since participating in the group, I believe I have definitely made changes in the layout of the backroom storage area which I would not have made otherwise; (6) As a result of participating in the group, I have made changes in store equipment which I would not have made otherwise; (7) As a result of participation in the group, I feel I have had more special, in-store sales than I would otherwise.

Table 31. Sources sample "B" retailers reported as being particularly helpful when making changes in specific store operating practices.

| Sources | Total |
|---|-------|
| Own experience | 32 |
| Meat retailing specialist | 2 |
| Store operations specialist | 27 |
| Other specialists (wholesaler employed) | 41 |
| Salesmen (not employed by the wholesaler) | 9 |
| Magazines, papers | 8 |
| Observation of other stores | 10 |
| Meetings | 8 |
| Relatives, partners, employees | 3 |
| Other sources | 6 |

Long-Run Services--Firm B

The objectives of the questionnaire concerning the long-run services were to determine if the retailers: (1) were aware of the services; (2) would use each long-run service again; (3) would use each service if needed. The long-run services were identified as: (1) store remodeling; (2) store site selection; (3) financial.

Results shown in Table 32 indicate retailers in sample B were well informed about the existence of long-run type

services available from firm B. A large proportion had used both the remodeling and store site selection services. The financial service had been used by the fewest sample B retailers. Almost all the retailers who had used the services would use them again and almost all who had not used the services would use them if needed in the future.

Table 32. Sample "B" retailers' awareness, use, willingness to use again, and willingness to use certain long-run services available from firm "B".

| Type of Service | Number of Sample B Retailers | | | |
|------------------|------------------------------|--------------|-------------------------|-----------------------------|
| | Aware of Service | Used Service | Would Use Service Again | Would Use Service If Needed |
| Store remodeling | 25 | 21 | 21 | 4 |
| Site selection | 25 | 14 | 14 | 10 |
| Financial | 24 | 10 | 8 | 10 |

Retail Employee Training--Firm B

Retail employee training was not a specific responsibility of anyone employed by firm B, except in meat retailing. Training was considered to be a part of the job of the meat retailing specialist although the type, method, or effort to be put into training retailers was decided by each meat retailing specialist. Training meetings had been sponsored by firm B and conducted by store machinery and food processing

companies but the frequency of these meetings was sporadic. The remainder of the training occurred during the annual meeting, evening sales meetings, or special educational type meetings which could be indirectly related to firm B such as the seminars conducted by Super Market Institute. Most retailers in sample B qualified for participation in the seminars because of their affiliation with firm B.

Firm B was recognized as a source of training for retail meat department personnel by ten of the 25 retailers interviewed. Nine said they had used the service which consisted of meat cutting and pricing demonstrations usually performed in the evening in a retailer's store. Six retailers said that training had been performed by means of in-store demonstrations by the store operations specialists. Many of the retailers commented that any type of in-store training could be performed by their store operations specialist or meat specialist. Several retailers indicated that in-store training merely depended on the retailer requesting the specialist to do the training.

Sample B retailers were asked if they thought firm B should put more emphasis on training store personnel. Sixteen said yes; four said no; and, five were undecided. Ten said they thought each retailer should be charged only for the sessions used by his employees. Five said they thought

everyone should pay even if training sessions were not used. The reasons given by seven of the nine retailers who were not in favor of more emphasis on retail employee training by the wholesaler could be classified in two general categories: (1) four said each retailer should do his own training because he has his own way of doing things; (2) three said the wholesaler has enough to do without training retail personnel.

Summary

All but one of the sample B stores were located within the circulation territory of three metropolitan newspapers. Two or three retailers representing sample B retailers in the circulation territory of each newspaper would meet with specialists from firm B to approve each ad. All sample B retailers paid one per cent of sales to firm B for use of the advertising service.

At least 80 per cent of the retailers agreed that they had realized each of the five objectives selected for the advertising service. All sample B retailers agreed that time was saved as a result of using the advertising service. The least agreement was with the statement which said that a better selection of items were advertised as a result of using the advertising service.

All sample B retailers had to use firm B's retail accounting service. Almost 90 per cent agreed that they had made changes in operating practices as a result of the accounting service which they would not have made otherwise. Next to their own experience, retailers cited the written analysis of their financial statements as the most important source of assistance in analyzing the statements. The analysis was prepared by specialists employed by firm B.

A meat merchandiser, who acted as both meat retailing specialist and meat buyer, was available to all sample B retailers. It was assumed that equipment replacement, equipment arrangement, and meat department housekeeping or cleanliness practices represented areas in which the meat merchandiser would frequently advise the retailer. Of the three meat department operating practices, the highest percentage of change among sample B retailers had occurred in equipment replacement. Almost 70 per cent said that they had made recent replacements in meat department equipment. However, of those reporting changes in equipment replacement, only 31 per cent said the change had been influenced by their group participation. Only two retailers reported making changes in the other two operating practices.

The highest occurrence of agreement was with the statement which said the meat wholesaling service of firm B

saved the retailer time. Ninety-six per cent agreed with this statement. Only 41 per cent agreed with the statement that the meat wholesaling service resulted in a lower purchase price of beef. A majority, 64 per cent, agreed that quality of beef purchased by them had improved as a result of using the meat wholesaling service. If each of the 22 retailers had agreed that each of the three objectives of the meat wholesaling service had been realized, 66 agreements would have been recorded. Actually, 44, or 67 per cent of the total possible agreements were recorded.

Concerning the seven store operating practices, 84 per cent of the sample B retailers agreed that they held more special sales as a result of their participation in the group; 56 per cent agreed they had made recent changes in special display practices and in shelf position of items which they would not have made otherwise. Twenty-eight per cent said that as a result of their group participation they had made recent additions or replacement of store equipment which they would not have made otherwise. Similarly, 16 per cent said they had made changes in the layout of the storage area in their store; 4 per cent had made changes in freight receiving methods; but, none had made changes in store cleaning practices which they would not have made otherwise.

All retailers would use the store remodeling service if the need arose; 24 said they would use the site selection service; and, 18 said they would use the financial service if the need arose in the future.

Sixteen of the sample B retailers were in favor of firm B putting more emphasis on retail personnel training. Of the remaining nine retailers, four were not in favor of more personal training and five expressed no opinion. Firm B did not have a regularly scheduled personnel training program.

The three sources of assistance or information cited most frequently by sample B retailers were: (1) own experience; (2) other wholesaler employed specialists; (3) the store operations specialist.

CHAPTER VII

SUMMARY AND CONCLUSIONS

Introduction

In the early 1920's, a new form of business organization had developed for the wholesaling of grocery merchandise. The organizational form was considered new because, in addition to performing the typical activities of grocery wholesaling, the organization could also assist grocery retailers in performing certain retailing activities. This organizational type is now called a voluntary-group-sponsoring wholesaler. At that time, several retailer-owned (sometimes called cooperative) organizations were already in existence.

Voluntary groups in food retailing are made up of supermarket owner-managers and independent grocery wholesalers. A wholesaler is said to sponsor the retailers in a given group. A franchise is passed from the wholesaler to the retailers. The franchise gives the retailer certain rights. In return, the retailer agrees not to buy from other sources who might be rivals of the sponsoring wholesaler.

To become a member of a cooperative or retailer-owned group, a retailer must invest in the wholesaling organization. Patronage rebates are accumulated for the retailer based on his purchases. Rebates will be refunded when the retailer's investment in the wholesaling organization equals a certain proportion of his weekly purchases from the organization.

In 1954, it was reported that there were 193 cooperatives and 574 voluntary-group-sponsoring wholesalers. In 1960, an estimated 48 per cent of the total grocery store sales in the United States were made by stores belonging to either a voluntary or cooperative group. Chain stores were estimated by the same source to have made 39 per cent of total 1960 grocery sales.

The first retailer-owned or cooperative organizations in food wholesaling appear to have been organized for the primary purpose of improving wholesaling activities. The retailer member tended to perform the necessary retailing activities on his own. Today, it is common for both voluntaries and cooperatives to provide various special services designed to be used by the retailer.

Two going concerns wholesaling grocery merchandise in the State of Michigan were examined. One of the firms was a voluntary and one a retailer-owned organization. The study was limited to the special services performed by each firm and

did not include other typical wholesaling activities.

Firm A, the voluntary-group-sponsoring wholesaler, sold a full assortment of dry groceries, fresh and smoked meats, fresh fruits and vegetables, and a limited assortment of dairy products. Firm B, the retailer-owned organization, sold a full assortment of groceries but only a limited assortment of meats and dairy products. Firm B did not sell fresh fruits and vegetables.

Both firms A and B provided the following special services: (1) advertising, (2) meat wholesaling, (3) meat retailing, (4) accounting, (5) store supervision, (6) personnel training, and (7) long-run type services called store remodeling, store site selection, and financial aid. However, the two firms administered the services through different types of organizational structures. As a result, the services received different emphasis in each firm.

Firm A employed store supervisors and meat retailing supervisors who called on individual stores in an advisory capacity. Store supervisors tended to specialize in overall store operations while the meat retailing specialist concentrated on solutions to meat retailing problems of individual stores. Firm A also employed specialists in personnel training, advertising, store accounting and finance, meat buying, and specialists in store engineering and site

location were on call.

Firm B employed store coordinators and meat merchandisers to call on and advise member retailers. Each coordinator and meat merchandiser employed by firm B tended to perform several tasks. For example, coordinators were given responsibility for some advertising tasks as well as store operations; meat merchandisers were also part-time meat buyers. Firm B also employed specialists in advertising, meat retailing, site location, store layout, store accounting and finance.

In the late 1940's, results of a study on retailer-wholesaler relations was reported by Gore. The objective of this study was said to be exploratory in nature. The exploration focused on reporting the system and techniques used by wholesalers and retailers who were working together. Later studies focused on the work performed by the retailing specialist who made frequent face-to-face contact with the retailer.

Davenport and Hoecker, expanding on the initial study by Gore, made the first attempt to define and categorize the special services. They reported on services in two categories: (1) services which the wholesaler could provide at a lower cost; (2) services which the retailer typically performed or obtained on his own but which the wholesaler could provide although the cost saving in doing so was not so apparent as

in the first category.

Next, it was shown by Bouma and Kriesberg that retailers appeared to be much more interested in certain kinds of services. Sixty per cent of the 1,695 retailers contacted by them suggested ways wholesalers could improve sales promotion services. Only 18 per cent suggested improvements on price information; 14 per cent on advertising, 13 per cent on personnel training; 10 per cent on store engineering; and, 7 per cent on record keeping. The conclusion was that sales promotion assistance was of more interest to the retailer than were the other services.

Kohls and Bromley examined the buying and affiliation plans of ten Indiana wholesalers. They rated each wholesaler according to the extent and quality of the following five special services: (1) pricing aids; (2) advertising; (3) accounting; (4) insurance; (5) store engineering. They showed that the wholesalers who had the higher proportions of affiliated retailers tended to have the lowest operating expense ratios. The conclusion was that expenditures on special services could be offset by expense saving activities which complimented the special services.

Five years after his first study on wholesaler-grocer relations, Kriesberg along with Leiman and Alexander, published

the results of their study on the use of fieldmen by grocery wholesalers. The typical fieldman's job was described as centering around five activities. The researchers compared the typical performance of these activities with some generally accepted principles of management and made their recommendations accordingly. Thus, the attention of these researchers had been focused on a single special service--that of the retailing specialist or fieldman.

Wilmot put himself in the role of a fieldman and advised four owner-managed supermarkets. He reported several changes made by each store on the basis of his recommendations. Net profit for each store had increased within three months. Although the conditions under which he worked were not typical, Wilmot did demonstrate that the retailers he worked with would accept his advice and that net profit could be increased following these changes.

In order to provide a guide to the emphasis to be taken in this study, a general explanation of the acceptance and use of special services was sought. The approach Hathaway developed to explain variation in farmers' acceptance of production control programs appeared to be relevant to the explanation of retailers' acceptance and use of special services.

Hathaway discussed the variation in acceptance of production controls by farmers in different time periods. Previously some had said that this variation in acceptance represented a re-structuring of farmers' values. Hathaway pointed out that the values of freedom and income could have an interdependence and that the marginal evaluation of one in terms of the other could depend on the quantities of each held at any given time period.

The farmer faced with a production control program is in a similar situation to the retail owner-manager faced with a program of special services. The farmer is asked to forego alternative production outputs in order to increase his income through increased price. The retailer is asked to forego alternative activities in order to improve his non-price offer and increase sales without reducing price. Thus, this study focused on determining the extent retailers had made changes as a result of their group affiliation and the extent certain objectives had been realized by them as a result of these changes.

Position description interviews were conducted among specialists and management working on special services in the two wholesaling firms participating in the study. The purpose of the interviews was to: (1) select objectives which could be reasonably associated with the various special

services; (2) determine kinds of changes in operating practices typically associated with the special services. A schedule of questions was then developed in order to find out from the retailers if they had realized the objectives or if they had made the changes associated with the various special services.

There were 29 retailers in sample A and 25 retailers in sample B. All retailers in sample A were affiliated with firm A and all retailers in sample B were affiliated with firm B. Sample A retailers tended to have a lower average weekly sales volume and tended to be located in communities with smaller population than sample B retailers.

Advertising Service

The number of sample A retailers who agreed they had realized each of the five objectives of the advertising service were compared to the total possible number of agreements the 29 retailers could have registered concerning the advertising service.¹ The result was that 87.5 per cent of the total

¹It was assumed that each retailer could have realized each of the five objectives. If each retailer had realized each of the five objectives, the total possible objectives would have been realized so far as this study was concerned. This procedure does not take into consideration other objectives which could have been realized and which might have had much more importance to an individual retailer than the objectives considered.

possible agreement was recorded by the sample A retailers. The conclusion was that a high proportion of the sample A retailers realized the five objectives selected for the advertising service. In order to determine if the objectives had been reached, the retailers in sample A scored 290 statements. Twelve of the 290 responses were considered to be clearly inconsistent.

As in sample A, the total agreement registered by the 25 sample B retailers was compared to the total possible agreement they could have registered when rating the five statements about the advertising service. Actually, 88 per cent of the total possible agreement was registered by the sample B retailers. As was true in sample A, a high proportion of sample B retailers indicated they had realized the five objectives of the advertising service. Six of the 250 responses from sample B retailers were judged to have been definitely inconsistent. Therefore, according to the measurement used, almost all retailers in each sample were consistent in their responses to statements about the advertising service.

Firm A's advertising service provided the sponsored retailer with advertising aids of various types which could be used by the retailer in various ways. Firm B's advertising program, on the other hand, gave a retailer an opportunity to

share a newspaper advertisement with other supermarket owners in a given trading area.

Sample B retailers typically delegated two of their number to meet each week with the coordinator from firm B. The coordinator came to the meeting with a copy of the proposed ad. Following the meeting, advertising specialists made adjustments in the ad which had been suggested by the retailers. The original copy of the ad had been prepared by advertising specialists. The principal work of the retailers, during their weekly advertising meeting, appeared to be that of choosing between alternatives already proposed by the advertising specialists.

From these results, it appears that the advertising service of both firms had been effective in accomplishing the objectives selected in the questionnaire. Only a slight difference was noted between the proportion of sample A and sample B retailers who agreed with the statements. However, each firm followed different procedures in administering their advertising program. The advertising service of firm B tended to require the retailer to delegate his advertising authority to specialists. The advertising service of firm A tended to permit retailers to retain their authority over advertising decisions.

Meat Wholesaling Service

The number of sample A retailers who agreed they had realized each of the three objectives of the meat wholesaling service were compared to the total possible number of agreements that could have been made by retailers using the service. The result was that 83 per cent agreement was registered by sample A and 67 per cent by sample B retailers.

Three of the 156 scores given by sample A retailers were judged to have been inconsistent. One out of 132 scores given by sample B retailers was judged to have been inconsistent. Thus, the vast majority of retailers gave consistent responses to the statements according to the measurement of consistency used.

The results show that a high proportion of retailers in each sample realized the objectives established for the meat wholesaling service. However, a noticeably higher proportion was reported for sample A than for sample B retailers. Regulations governing retailers' use of the meat wholesaling service of firm A tended to be stricter than the regulations governing retailers' use of firm B's meat wholesaling service. For example, sample A retailers had to buy all their beef and most other meat products from firm A, sell only a specific grade of beef, mail in their meat orders, and follow prices suggested by firm A. As a result, sample A

retailers seemed to delegate more of their meat buying authority to specialists than did sample B retailers.

Meat Retailing Service

Twenty-four sample A retailers said they used the meat retailing service. If each retailer had made a change in each of three meat department operating practices associated with the meat retailing service, 72 changes would have been made. Forty changes were actually reported showing that approximately 56 per cent of the total possible changes had been made.¹ Of those who indicated changes, 58 per cent agreed the changes had been made due to their participation in the group. Thus, group participation influenced approximately 32 per cent of the total changes possible.²

Among the retailers in sample A: (1) 14 of the 21 who had made a recent addition or replacement of meat department equipment agreed the change had been made due to their participation in the group; (2) 9 of the 16 who had made a

¹It was assumed that each retailer could have made the three changes selected. If each retailer would have made each of the three changes, all of the possible changes would have been made according to the procedure used in the study. This procedure does not include other changes which might have been made and it also does not account for the fact that all retailers did not have equal needs for making the changes.

² $(.575) (.560) = 32.20$ per cent.

recent change in equipment arrangement in the meat department work area agreed the change had been influenced by the group; (3) of the three who changed meat department cleaning practices, none believed group participation had influenced their decision to make the change.

Twenty-three sample B retailers said they used the meat retailing service. If each had made changes in the three operating practices studied, a total of 69 changes would have been reported. Twenty changes were actually reported, showing that approximately 29 per cent of the total possible changes had been made. Of those who indicated changes, 25 per cent agreed the changes had been due to their participation in the group. Considering all sample B retailers, group participation influenced approximately 7 per cent of the total changes possible in the meat retailing practices studied.¹

From the retailers in sample B: (1) five of the 16 who had made a recent addition or replacement of equipment agreed the change had been influenced by their group participation; (2) neither of the two who had made recent changes in equipment arrangement agreed that group participation had influenced them to change; (3) neither of the two who had

¹ (.29) (.25) = 7.25 per cent.

made changes in meat department cleaning practices agreed that the changes had been influenced by group participation. Thus, the meat retailing service of firm B appeared to have had only slight influence over changes made in meat department equipment but was completely ineffective in influencing changes in equipment arrangement or cleaning practices.

The results indicate that, for the meat department operating practices examined, group participation had considerably more influence over sample A retailers who had made changes than it had over sample B retailers who had made changes. However, the personal call of the meat retailing specialist was not as effective in influencing all retailers in sample A to make changes and was particularly ineffective in influencing sample B retailers.

These results could be attributed to many causes. However, one distinct difference between the meat retailing service of the two firms was noted. The functions of the meat retailing specialists in firm A were distinctly different from the functions of the meat wholesaling specialist in firm A. Firm B, on the other hand, tended to give one specialist the combined responsibility of meat wholesaling and retailing.

Store Supervision

In order to evaluate the influence of the personal call of the store operations specialists, each retailer was asked if he had made a recent change in each of seven store operating practices. If the 29 sample A retailers had made a change in each of the seven store operating practices, a total of 203 changes would have been made. Actually, retailers in sample A reported a total of 93 changes, or 46 per cent of the total possible changes.

After a retailer indicated he had made a change in one of the seven operating practices, he was asked to evaluate a statement which said that the change had been made due to his participation in the group. Of the retailers in sample A who reported changes, approximately 60 per cent agreed that the changes had been made due to their participation in the group. Thus, according to this measurement, group participation influenced approximately 28 per cent of the total possible changes that could have been made by sample A retailers.¹

If the 25 retailers in sample B had made a change in each of the seven store operating practices, a total of 175 changes would have been made. Actually, the retailers

¹ (.46) (.60) = 27.60 per cent.

reported a total of 89 changes or 51 per cent of the total possible changes. Of those who indicated they had made changes, 62 per cent agreed the change had been made due to their participation in the group. Thus, group participation influenced approximately 32 per cent of the total possible changes.¹

Group participation was not effective in bringing about changes in storage area layout among sample A retailers. Similarly, group participation was ineffective in equipment replacement and freight receiving changes made by sample B retailers. Group participation was not effective in bringing about changes in store cleaning practices in either sample.

The results indicate that the personal call of the store operations specialist (the supervisor or coordinator) was not effective in influencing all retailers in either sample to make changes in the operating practices examined. However, about 60 per cent of the retailers in each sample who had made changes agreed that their changes had been influenced by group participation.

Store Record Keeping Service

All sample B retailers were required to use firm B's store record keeping service. Of the 25 sample B retailers,

¹ (.51) (.62) = 31.62 per cent.

21 said their use of the record keeping service had resulted in changes in operating practices they would not have made otherwise. Use of the store record keeping service was optional for sample A retailers. Five of the ten who used the service said they had made changes in operating practices, due to the record keeping service, which they would not have made otherwise.

Thus, it is indicated that the record keeping services of firms A and B were significant factors bringing about changes in store operating practices. However, firm B, which followed the policy of requiring each retailer in sample B to use the service, was noticeably more effective in bringing about changes in operating practices than was the record keeping service of firm A which followed the policy of giving each retailer the choice of using or not using the service.

Long-Run Services

The long-run services were examined to determine the number of retailers in each sample who had used the services or who would use them if needed. The results should give an indication of the retailers' willingness to call for assistance from specialists hired by the wholesaler.

Of the 29 sample A retailers, 93 per cent would use the store remodeling service again or in the future if needed;

72 per cent would use the site selection service; and, 65 per cent the financial service. In sample B, all retailers in the sample would use the store remodeling service; 96 per cent would use the site selection service again or in the future if needed; and, 72 per cent would use the financial service. Forty-eight per cent of sample A and 44 per cent of sample B retailers said they expected to move or expand to another location in the foreseeable future.

Thus, a high proportion of retailers in each sample indicated they were willing to call on specialists for assistance in problems of store remodeling, site selection and finance. Retailers in each sample were least interested in financial assistance from the wholesaler. The reason given by most of those not interested in financial assistance was that local lending institutions could supply their financial needs. Forty-five per cent of sample A and 48 per cent of sample B retailers expected to need additional funds in the future.

Personnel Training

Firm A had a regularly scheduled program in retail personnel training. Twenty of the retailers said they had used the checker training; nine had used the dairy training session; 14 had used the training for employees which

emphasized receiving, storing, stocking, displaying and marking merchandise; 23 said they used the meat retail training service. Sample A retailers were about evenly divided concerning the emphasis personnel training should receive from firm A. Twelve said the service should be expanded; ten said the present service needed no further expansion; and seven either expressed no opinion or were not using the service.

Retail employee training was not a regularly scheduled service of firm B. Sixteen of the sample B retailers said firm B should put more emphasis on retail personnel training. The remainder either thought present personnel training efforts by firm B were satisfactory or else they expressed no opinion.

Thus, the sample A retailers were about evenly divided between wanting more in the way of personnel training; satisfied with present personnel training; and those who did not use the service or did not express an opinion. Even though firm B had no regular training program, nine of the 25 sample B retailers either had no opinion or were not in favor of additional personnel training efforts by firm B.

Personnel training seemed to be looked upon by the majority of retailers as desirable but also difficult to do well. In general, the results indicated that the retailers

recognized limitations as well as advantages to personnel training.

Specific Sources of Assistance

Retailers in each sample were asked to identify sources which had been particularly helpful to them when making changes in operating practices and when analyzing their financial statements. The results are summarized in Table 33.

Table 33. Specific sources of information and assistance indicated by sample "A" and sample "B" retailers.

| Source | Number of
Sample A
Retailers | Number of
Sample B
Retailers | Total |
|------------------------------|------------------------------------|------------------------------------|-------|
| Own experience | 82 | 56 | 138 |
| Meat retailing specialist | 20 | 3 | 23 |
| Store operations specialist | 47 | 35 | 82 |
| Other wholesaler specialists | 25 | 56 | 81 |
| Salesmen | 24 | 14 | 38 |
| Magazines, papers | 15 | 13 | 28 |
| Observation of other stores | 33 | 20 | 53 |
| Meetings | 13 | 20 | 33 |
| Relatives, employees | 11 | 7 | 18 |
| Other | 3 | 8 | 11 |

"Own experience" was clearly the most important source of information to sample A retailers. For sample B, "other wholesaler employed specialists" was scored by the same number as chose "own experience." "Store operations specialist" and "observation of other stores" were next in importance for both groups. Thus, the retailers considered store operations specialists, other wholesaler employed specialists, and observation of other stores as the sources of information most useful to aid their own experience.

Conclusions

Two basic hypotheses guided this study: (1) retailers using some special services would realize certain objectives from these services; (2) retailers using certain special services would make changes in store operating practices as a result of the special services.

In sample A, 87.5 per cent and, in sample B, 88 per cent of the total possible objectives of the advertising service were realized by the retailers. In sample A, 83 per cent and, in sample B, 67 per cent of the total possible objectives of the meat wholesaling service were realized by the retailers.

The results indicate that, except for the meat wholesaling service of firm B, a high proportion of the retailers

realized the objectives assigned to the advertising and meat wholesaling services. Although the nature of the study does not permit a definite acceptance of the first hypothesis, it would appear equally reasonable to conclude that the results do not permit the hypothesis to be rejected.

In sample A, 28 per cent of the total changes possible in store operating practices and 32 per cent of the total changes possible in meat department operating practices had been influenced by group participation. For the same services in sample B, the proportions were 32 per cent and 7 per cent.

However, among those retailers in sample A who had made changes in store operating practices, 60 per cent agreed that their changes had been influenced by group participation; 57 per cent in sample A who had made changes in meat department operating practices agreed that these changes had been influenced by group participation. In sample B, 62 per cent who had made changes in store operating practices and 25 per cent who had made changes in meat department operating practices agreed that the changes had been influenced by group participation.

For the second hypothesis, the results indicated the following two conclusions: (1) group participation had been effective in influencing those retailers who had made changes;

but (2) group participation had not been effective in influencing all retailers sampled to make changes in store and meat department operating practices.

These results indicate that a higher proportion of retailers in each sample tended to realize the objectives of the advertising and meat wholesaling services. Fewer retailers in each sample recognized the store supervision or meat retailing services as sources influencing changes in retailing practices. Several factors could have caused this difference.

In order to provide advertising or meat wholesaling services, it is necessary for the wholesaler to make an investment in fixed assets as well as specialized talent. By agreeing to certain rules, the retailer can use these resources which would not otherwise be within his scale of business operations.

In order to provide advice in store and meat department operating practices, the wholesaler needs only to invest in specialized personnel. However, in order for this special assistance to be of benefit to the retailer, it is quite often necessary for the retailer to invest his own resources in fixed assets. Retailers would be expected to be more favorable toward special services which permitted them to use the results of a wholesaler's capital investment than in special services which required them to risk their own funds.

Conclusions indicated by results from the accounting, long-run and personnel training services are as follows. The accounting service in each sample appeared to be an important source of change in operating practices. However, the accounting service in firm B was noticeably more effective than the similar service in firm A. Retailers in sample B were required to use the service while sample A retailers could use the service or not.

The high proportion of retailers who had used or would use the long-run services was an indication of retailers' willingness to seek advice from wholesaler employed specialists concerning site location, store remodeling, and to a more limited extent, financial aid.

Personnel training services in either sample did not appear to be very enthusiastically received by the retailers. However, most retailers indicated a high regard for the store operations and meat department operations specialists as sources of aid and information. Perhaps the wholesaler would realize more from personnel training expenditures if he used the funds to improve the teaching capability of his specialists who call frequently on the retailers.

Retailers also cited visits to other stores as one of the three most important sources of information to aid their own experience. Perhaps personnel training could be

aided if the wholesaler developed some demonstration stores where store operating practices of interest to the wholesaler could be tested and demonstrated.

As with the accounting service of firm B, observations were made concerning the amount of authority retailers apparently delegated to specialists when using the meat wholesaling and the advertising services. In each instance, the service which apparently required more delegation of authority from retailer to specialists were more successful than the counterpart service which granted the retailer more freedom in use of the service.

Based on the special services examined in this study, four descriptive categories of special services appear to have developed. These categories can be described as:

(1) services which require investment in fixed assets by the wholesaler; (2) services which emphasize investment in fixed assets by the retailer; (3) services the retailer buys from the wholesaler by means of direct payment at a price approximating market value; (4) "free" services.

Of the services studied, examples most typical of the first category were the advertising and meat wholesaling services; the second category included services of the retailing specialists who call on the retailers as well as specialists in charge of the long-run services; the third

category is represented by the accounting service. The categories describe general characteristics of the services assigned rather than complete descriptions of these services. A category of free services appeared quite possible even though none of the services examined could be placed entirely in this category.

It is possible that one of the greatest dangers to special services could come from "free" services. A "free" service is a kind of "free good" or nonprice rebate made to the retailer by the wholesaler. The service can be considered to be a free good because: (1) the retailer is not expected to follow any rules established by the wholesaler when using it; (2) the retailer is not expected to make changes in operating practices as a result of using the service; (3) the retailer does not make a direct payment equivalent to the market price of the service.

If a group or subgroup of retailers were not required to follow certain rules when using services in category one, the services would probably do little to reduce a wholesaler's operating costs. If use of services in category two would not result in change in store operation practices, the effectiveness of the retail store using the services would probably not be improved. The results could be an increase in wholesaler's operating costs and an increase in the price of goods

sold to retailers without a decrease in retail operating costs.

There is a need, therefore, for the wholesaler to establish policies and allocate resources specifically adapted to services in category one and policies and resources specifically adapted to services in category two. As a result of distinguishing between resources and policies assigned to these two special service categories, the objectives of all special services should become more apparent to retailers who use the services, wholesalers who provide the services, and specialists who perform the services. Each service should become more clearly separated from the status of a free good and equilibrium between user and supplier of special services should become more realistic.

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APPENDICES

APPENDIX A

POSITION DESCRIPTION OUTLINE

POSITION DESCRIPTION OUTLINE

A. General Procedures Followed

1. Name
2. Title
3. Reports to
4. Reporting to this position
5. Specific duties
 - a. Meetings attended regularly
 - b. Meetings attended occasionally
 - c. Reports or forms made out
 - d. Reports or forms received
6. Personnel management
 - a. Recruiting
 - b. Supervision (including secretarial)
 - c. Training
 - d. Appraisal
7. Budget planning
8. History
 - a. When started in present position
 - b. Job prior to present
9. Incumbent's description of position's basic function
10. Standards of performance
11. Basic function

B. Specific Procedures Followed

1. Ordering merchandise (identify type)
 - a. Procedure followed by retailer
 - b. Procedure followed by wholesaler
2. Delivery
 - a. Frequency
 - b. Variation

3. Terms of sale

4. Pricing

a. How calculated

- 1) Straight markup (varying markup)
- 2) Service fee
- 3) Determination of cost (cash discount)

b. Price information shown retailer

- 1) Cost price and selling price
- 2) Markup (how determined)

5. Returns

6. Retailer's choice of product

7. Number of retailers participating

APPENDIX B

POSITION DESCRIPTIONS

Position Description

Name:

Title: Frozen Foods and Dairy Products Buyer

Reports to: General Manager

Specific duties:

1. Interviews frozen foods and dairy products salesmen (dairy products line does not include fresh milk) and places orders as needed.
2. Prepares list of recommended items to advertise each week. Meets with advertising committee which is responsible for selecting suggested items and prices for weekly advertising.
3. Attends evening meetings with retailers held in alternate locations each 8 weeks approximately.
4. Prepares weekly merchandise bulletin which contains product information such as: (1) new items, (2) price changes, (3) market trends, (4) merchandising suggestions.
5. Submits changes in frozen food-dairy order form to the billing department periodically as needed.

Standards of performance for this position:

1. Knowledge of sources of supply for frozen foods and ability to determine when a particular item should be added or dropped.
2. Ability to attract and hold the respect of retailers who depend on the buyer as a source of supply for frozen food and, to a more limited extent, as a source of dairy and dairy type products. Buyer should be able to use his contact with retailers as a guide in buying new products and as a source of suggestions on improvements that can be made in present operating practices.

Background of the position:

Present dairy and frozen foods program has been in operation about 2 years. Incumbent had been a salesman selling produce to retailers for 4 years prior to his present position.

Basic function of this position:

The basic function of this position is to buy a complete line of frozen foods, and order a limited line of dairy products as needed. The purpose is to provide the retailer with a catalogue order guide which he can mail in avoiding personal contact with salesmen and save the time that these contacts would require otherwise.

Specific procedures followed:

1. Ordering. Retailer mails in an order stub which is returned to him and can be used as an order guide by the retailer because each stub includes space for five separate orders for each item.
2. Delivery. Retailer can receive 3 deliveries each week if desired. No minimum order quantity is required. Order is received in same load as produce and meat.
3. Terms of sale. Weekly credit is extended.
4. Pricing. Cost price on frozen food and dairy products are shown in the retailer's order guide as well as suggested selling prices and gross margin per cent. Cost price shown does not include 3.5 per cent service fee.
5. Selection. Private label is quite extensive in the frozen food line. Dairy products include: (1) cheese and related, processed dairy products, which are supplied by one firm having national distribution; (2) eggs which are all private label; and, (3) two private label brands of butter in addition to one brand of butter which is not private label.

Position Description

Name:

Title: Meat buyer

Reports to: General manager

Reporting to this position:

1. One assistant in charge of ordering processed meats.

Specific duties:

1. Prepares estimates of sales quotas for items on special sale. Mails estimates to individual stores for their confirmation and return. Places order with supplier based on revised estimates.
2. Determines quantities and place orders for items not purchased locally.
3. Prepares suggested list of meat items to be advertised. Submits suggestions in person to advertising committee composed of other specialists employed by the whole-sale firm. Meets with advertising committee once each week in order to make presentations. Mails list of meat items selected for advertising to the retailers.
4. Gathers price comparison information by visiting competitive stores each week. Mails comparisons to stores in the weekly bulletin.
5. Prepares weekly meat merchandising bulletin showing suggested retail prices of all meat items, estimated costs of fresh meat for the coming week, cutting tests on various wholesale cuts, gross profit projections to be used as a retail ordering guide, and other announcements.
6. Supervises ordering of meat items purchased from local processors.

Standards of performance for this position:

1. Knowledge of meat cuts, quality characteristics, fresh meat handling practices.
2. Ability to determine suggested selling prices that are competitive.
3. Ability to select meat items for advertising that will attract additional customers to the retail stores advertising the items.
4. Knowledge of sales volume potential for approximately 108 stores in order to set sales volume quotas for specific advertised items.
5. Knowledge of use of cutting tests and how to make a gross profit projection based on cutting tests.

Background of the position

1. Present meat program has been in effect since June 20, 1960.
2. Incumbent has been in the position for 2 years. Former experience was with a large meat packer where several types of jobs were held including branch house manager.

Basic function of this position:

To buy or supervise buying of a complete line of fresh and cured meats typically sold in the meat department of a supermarket. In addition a complete listing of retail prices is developed and mailed to retailers. Gross profit projection is prepared each week for about 10 high sales volume items to assist retailer in ordering. To aid retail sales of meat by preparing a suggested list of meat items and prices for advertising and mailing the list to participating retailers each week.

Specific procedures followed:

1. **Ordering.** Retailer mails order form to wholesaler. Wholesaler orders all beef from out of state and receives shipment from the packer by rail. All beef purchased has been selected by specialists working in the packers' plants but hired by the central franchising organization.
2. **Deliveries.** Retail deliveries of fresh meat are made three times to larger and two times per week to smaller volume stores. Meat deliveries are made in wholesaler operated trucks and combine meat, produce, dairy and frozen food products in one load.
3. **Terms of sales.** Credit is granted on basis of one week.
4. **Pricing.** Retailer pays the wholesaler's invoice price, before discounting for cash, plus 1 cent per pound service fee on all meat items purchased by the retailer from the wholesaler. (The service fee is charged on items shipped by the wholesalers and is not charged on items which might be delivered to the retailer by the packer but billed through the wholesaler.)
5. **Quality choices.** Retailer can specify size or weight of beef. Lighter weight carcass typically sells for less than the heavier weights. The retailer does have a limited choice of quality if quality can be defined as varying with weight. The beef sold by the wholesaler is not purchased or sold on the basis of Federal or packer grades. All beef is branded with the private label of the franchisor which acts as the grade identification. The retailer can specify the processor he wants for certain processed meats that typically are identified by the brand name of the processor. The meat order sheet shows 14 processors which the retailer can choose.
6. **Participation.** Approximately 108 out of 150 retailers participate regularly in the program.

Position Description

Name:

Title: Retail Store Accountant

Reports to: General Manager

Specific duties:

1. Prepares income statement and balance sheet every three months for retail stores.
2. Prepares other financial reports requested by retailers.
3. Recruits retailers to use the service.
4. Prepared quarterly publication showing operating expenses and gross margins for all stores (26) using accounting service. Store identified by number.
5. Prepares financial report form to be given to store supervisors.

History:

Incumbent had been an industrial accountant. Present accounting service was begun in June, 1958, soon after incumbent was hired to present position.

Standards of performance:

Incumbent must have technical training in accounting and should have specific knowledge of supermarket accounting. Comparative statement analysis is an important part of incumbent's job. Incumbent should have knowledge of operating ratios commonly attained in supermarket retailing. Incumbent is responsible for recruiting new retailers to the accounting service and must be able to present the advantages and requirements of the accounting service clearly and accurately to a retailer who is not an accountant. The retailer must have unqualified confidence in the incumbent's ability and integrity.

Basic function:

The incumbent prepares various forms or financial statements used by supermarkets and the accounting work required to prepare these statements. Incumbent is responsible for supervising bookkeepers as required; preparing financial analysis forms to be given to supervisors and analyzing these forms, developing new uses for the financial data available to him.

Position Description

Name:

Title: Produce buyer

Reports to: General manager

Specific duties:

1. Places orders with suppliers for all produce needs.
2. Writes weekly produce bulletin to be sent to retailers each week. Bulletin contains price comparison; cost of produce not including service fee; suggested retail prices and margin provided by the suggested retail based on cost price plus 15 per cent service fee markup. Bulletin also contains timely merchandising suggestions.
3. Attends an evening meeting with retailers. Meetings are held approximately each 8 weeks in alternate localities to facilitate retailer attendance. Purpose of the meeting is to establish face-to-face contact with the retailers and discuss past practices and explain future changes.
4. Telephones retailers whose order has not been received in the mail by a specified time.
5. Prepares suggested list of produce items to be advertised and gives this selected list to the advertising committee where final selection is made of produce items to be advertised. Produce items to be advertised are indicated on the weekly bulletin sent to retailers.

Standards of performance for this position:

1. Knowledge of fruit and vegetable varieties, sources of supply, prices, quality, and sales potential for a complete line of fresh produce.
2. Ability to suggest timely produce items for advertising.

3. Ability to maintain the respect of retailers who depend on him as their produce buyer.
4. Ability to talk to retailers and analyze their complaints and suggestions and to make or recommend changes believed to be needed.

Background of the position:

1. Present produce program has been in operation about two years.
2. Incumbent has been in present position since beginning of the program. Prior work included 17 years as a produce salesman selling to retailers.

Basic function of this position:

To buy a complete line of produce at the least possible cost consistent with quality standards emphasizing nonseasonal items and higher quality produce making it possible for each participating retailer to stock an unusual selection of high quality produce. The position is responsible for comparison pricing and suggesting retail prices consistent with competition, quality, and gross profit requirements of the retailer.

Specific procedures followed:

1. Ordering. Retailer mails completed order form to the wholesaler.
2. Delivery. Retailers order is delivered the day following receipt by the wholesaler. Produce is shipped in the same truck as meat, frozen food, and dairy products. Three deliveries are made per week to larger stores and two deliveries to others.
3. Terms of sale. Credit is granted for one week.
4. Pricing. Cost price of produce to the retailer is the invoice cost to the wholesaler before cash discount plus a service fee which can be as high as 15 per cent or as low as 10 per cent depending on dollar value of produce sales to one store during the past week. Price is not shown on the mail-in order form used by the retailer. The shipping invoice received

by the retailer upon receipt of shipment lists item cost price and the dollar amount of service fee.

5. Selection. Part of the objective of the produce program is to provide the retailer with a wider selection of varieties of fresh produce. Private label is available in fresh produce to a limited extent.
6. Extent of participation. About 75 per cent of total membership participate in the produce program.

Position Description

Name:

Title: Division personnel officer; Retail training instructor; Store development engineer.

Reports to: General manager

Specific duties:

1. Schedules and conducts group training meetings demonstrating skills useful in checking and bagging groceries and produce, dairy, meat, frozen food department operations. Continually improves subject matter and teaching techniques used.
2. Assists in scheduling, developing subject matter, and conducting training meetings for retail store owners and managers.
3. Recruits retail store personnel and administers personality and aptitude tests. Scores tests. Recruits and tests, when applicable, applicants for vacancies within the wholesaling organization. Administers supervisory personality and aptitude tests. Mails completed supervisory tests to specialists for scoring. Frequently trains newly hired checkers individually usually requiring one day to complete training.
4. Attends weekly sales meeting along with retail supervisors and general manager.
5. Attends approximately two evening meetings with retailers each month. Plans for future training meetings are explained and retailers' attitudes concerning past personnel training are appraised at these meetings.
6. Reports weekly activities in writing to the general manager.
7. Reports four times yearly to personnel department of headquarters office.

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8. Appraises new store site locations on request or on basis of his own judgment. Conducts systematic appraisal of the location to determine sales potential.
9. Negotiates leases when applicable.
10. Requests store equipment bids for stores being built or remodeled.
11. Prepares floor plans for layout of store departments and equipment in the store. Selects shelf locations for merchandise. Assists in stocking new or rearranged shelving.

Incumbent's history in this position:

Incumbent has been in this position for approximately seven months. Prior job was in retail store supervision for the same company. Held supervisory position approximately one year.

Basic function of this position:

Basic function of this position is to instruct retail food store employees in the performance of certain skills associated with retail food store operation and to recruit and select retail employees when requested by the retailer. Recruiting is also performed for certain positions located in the wholesaling organization. Basic function of the store development aspects of this position are to prepare floor plans designating the location of display and processing equipment within new or remodeled stores and to determine the location of merchandise in the store. Prospective store locations are assessed to determine potential sales volume of the location. Real estate negotiations are performed if applicable.

Position Description

Name:

Title: Personnel manager

Reports to: General manager

Specific duties:

1. Plan and conduct retail training programs.
2. Organize new training programs and supplement present training programs where needs are believed to exist.
3. Give tests to warehouse employees and send the completed tests to specialists for evaluation.
4. Assist retailers in personnel records and personnel selection when time permits.
5. Work with representatives of manufacturing companies in planning teaching demonstrations for a group of retailers.

Standards of performance:

1. Ability to prepare a lesson plan and follow this plan in conducting formal teaching meetings.
2. Ability to retain the respect of retailers attending training meetings.
3. Ability to work with meat, produce, and store supervisors.
4. Knowledge of the sources of teaching assistance available from manufacturing companies.
5. Knowledge of educational materials available from central organization.
6. Knowledge of improved teaching techniques especially adaptable to teaching new practices to retailers.

Basic function of this position:

The personnel manager is basically responsible for demonstrating improved methods to groups of retailers. He must prepare lessons using, when appropriate, materials available from the central organization and adapt these materials to the local needs. He is responsible for convincing retailers of the value of educational meetings. He is responsible for the long-run improvement of retail management practices in the member store. He must rely on the support and assistance of supervisors who are in daily contact with the retailers and are in a position to evaluate the retailers practices and the problems to be encountered in changing these practices. The personnel manager is responsible for supervising testing of warehouse management personnel at the request of the general manager.

Position Description

Name:

Title: Advertising manager

Reports to: General manager

Specific duties:

1. Attends meetings each week with general manager and two buyers to select suggested list of items and prices to be sent to retailers.
2. Prepares layout for handbills.
3. Prepares layout for two groups of stores sharing the same ad.
4. To incorporate central mat service theme, illustrations and products into local retailers advertising as much as possible.
5. Arranges for radio and television spot commercials in specific areas as directed by the general manager.
6. Meets with two groups of retailers once each week. Presents tentative advertising layout, prices and items for approval of the retailers in each group.
7. Responsible for production of the weekly bulletin mailed to retailers.

Standards of performance:

1. Ability to prepare newspaper and handbill advertising layouts with assistance from the mat service.
2. Ability to select timely items and retail prices that will attract customers to the store using the ad.
3. Knowledge of radio and television agencies throughout the state and the rates for their services.

4. Ability to work with retailers in helping them plan more effective advertising methods.

Basic function of the position:

The advertising manager is responsible for the layout of ads prepared at the warehouse for those retailers using handbills or sharing newspaper ads. He is responsible for assisting in selecting items and prices that are timely and attractive to the consumer. He is responsible for maintaining good relations with retailers he contacts and to encourage all member retailers to adopt improved advertising practices. He is responsible to the general manager for suggesting changes and improvements in the advertising function.

Position Description

Name:

Title: Meat supervisor

Reports to: General manager

Specific duties:

1. Make personal calls on 35 stores at regular intervals as time permits.
2. Demonstrate improved meat cutting and displaying; suggest changes in work area layout and equipment as needed.
3. Make adjustments in product as needed and determine retailer's satisfaction with the meat products.
4. Report to general manager in writing each week.
5. Attend merchandising meeting each week.
6. Recruit retail members.
7. Suggest other changes in retail meat department operations as needed such as display, cleanliness, retail prices and cuts, and new display equipment.

Standards of performance:

1. Ability to locate and recommend improvement in inefficient retail meat department operation.
2. Ability to: (a) gain and retain the respect of food store owner managers; (b) obtain changes in meat department operating practices designed to improve the efficiency of a given retail meat department, (c) cooperate with the store supervisor.

3. Knowledge of meat cuts and ability to demonstrate these cuts. Knowledge of meat quality and ability to describe factors associated with meat quality to the retailer.
4. Knowledge of improved meat department operating practices and the ability to demonstrate these practices.

Basic function of this position: .

The meat supervisor is responsible for suggesting improvements in retail meat department operating practices as needed. He is responsible for answering objections and making changes related to the objections or explaining why the change cannot be made. He is responsible for assisting the retailer as needed within the limitations of time.

Position Description

Name:

Title: Store supervisor

Reports to: General manager

Specific duties:

1. Reports each week in writing to the general manager.
2. Makes personal calls on approximately 35 retail stores on a regularly scheduled basis as determined by the incumbent.
3. Makes specific suggestions to the retailer as needed concerning methods to improve retailer's operations. Participates in making the change if needed.
4. Acts as personal communication between retailer and warehouse. Answers questions retailer has on merchandise policies or warehouse operating practices. Corrects billing errors.
5. Arranges special store sales on approval of the retailer.
6. Meets with retail advertising group each week and assists in developing the weekly ad.
7. Recruits retail store members.
8. Attends meeting each Monday morning conducted by sales manager.

Standards of performance:

1. Ability to detect inefficient store operating practices and recommend improvements in these practices.

2. Ability to: (a) gain and retain the respect of retail food store owner-managers; (b) cooperate with other specialists; (c) gain cooperation from manufacturers' representatives in special store sales.
3. Knowledge of improved store practices and methods.
4. Knowledge of policies and objectives of the company.

Basic function of this position:

The store supervisor is responsible for suggesting improvements in retail operating practices as needed. He is responsible for answering objections; explaining wholesaler's policies; and assisting the retailer as needed and reasonable within the limitations of time. The store supervisor is the principal personal contact between retailer and wholesaler and is the primary source of information available to the retailer concerning the services and policies of the wholesaler.

Position Description

Name:

Title: Store Supervisor

Reports to:

Specific duties:

1. Calls in person on all retailers in his territory (about 35 retailers).
2. Plans in-store sales promotions. Contacts food manufacturers to obtain their cooperation.
3. Answers questions of retailers concerning purchases from the affiliated wholesaler. Takes orders for specialty goods. Prepares merchandise credits.
4. Reports store calls to sales manager each week.
5. Attends supervisor's meeting Monday morning.
6. Recruits new retailers.
7. Recommends and demonstrates changes in store operating practices to retailers as needed.

History:

Incumbent has been in present position for about one year. He had been a store manager for a local chain previously. Also, he had worked as a salesman for a food processor.

Standards of performance:

1. Ability to gain and retain respect of retailers.
2. Knowledge of improved store operating practices.
3. Ability to demonstrate and teach retailers how to make use of improved retailing practices.
4. Knowledge of merchandise sold by affiliated wholesaler.

5. Ability to plan effective in-store promotions and coordinate efforts of suppliers participating in the promotion.

Basic function of this position:

The basic function of this position is to suggest sales promotion ideas and changes in store operating practices to individual retailers and to aid retailers in adapting new operating practices. In addition, the incumbent acts as a personal contact for answering questions from the retailer about merchandise purchased from the wholesaler and about wholesaler's policies.

Position Description

Name:

Title: Meat Supervisor

Report to:

Specific duties:

1. Calls personally on retailers (about 35).
2. Demonstrates new or improved cutting, pricing, display methods.
3. Answers questions the retailer has concerning meat products purchased.
4. Makes suggestions concerning ways meat department operating practices could be improved.
5. Assists other supervisors when needed.
6. Recruits new retailers.
7. Reports in writing to sales manager each week.
8. Attends supervisor's meeting Monday morning.

History:

Incumbent began work with present employer in 1953. First duties were to demonstrate how to make a cutting test. Since then, he has been a supervisor in produce and store operations as well as meat department operations. Previous job was as a chain store manager.

Standards of performance:

1. Knowledge of meat quality characteristics, cutting, and pricing methods.
2. Ability to teach retailers by demonstrating improved meat cutting practices.
3. Ability to gain and retain cooperation and respect from the retailers.

Basic function of this position:

The incumbent is primarily responsible for demonstrating meat cutting and pricing methods to retailers in his territory. He is also responsible for suggesting other improvements the retailer could make in meat department operating practices. It is his job to see that present retailers remain satisfied with their affiliation and that new retailers are recruited.

Position Description

Name:

Title: Meat Merchandiser

Reports to: Director of Sales, Meat and Dairy Division

Specific duties:

1. Meets with one retail group at which time meat items selected for advertising are reviewed by retailers representing the group and final adjustments are made before printing the ad. Meetings are held weekly. Incumbent attends approximately 80% of these meetings.
2. Meets each week to review 13 week advertising plan. Receives copy of this plan.
3. Selects weekly meat items to appear in newspaper ad. Submits items to the merchandising committee. Incumbent attends merchandising meeting or is represented in the merchandising meeting. The Friday merchandising meeting is followed by a Tuesday meeting with retailers who make final adjustments in meat and all other items to appear in the ad for the same week (see #1).
4. Calls on each store weekly to see if advertised items have been ordered; to demonstrate cutting practices best adapted to items appearing in the ad; discuss display and operating problems as the need arises. Sub-standard meat department operating practices are reported to the store owner and corrective measures are requested.
5. Calls on certain stores (14) on unscheduled basis. Basic purpose of the call is to:
(a) determine store owner's level of satisfaction and reasons for dissatisfaction with product, quality, sales volume, advertising; (b) make recommendations on operating practices as the need arises; (c) propose

promotional plans adapted to the individual store and follow through on the plan by; (d) performing cutting and pricing demonstrations for the employees involved in the promotion and obtaining approval of the store owner for items and prices to be advertised in the promotion.

6. Plan and conduct meat cutting demonstrations for meat cutters.
7. Discusses needs of specific stores with beef selector in order to provide each store with the quality and type of beef desired.
8. Reports weekly in writing to director of sales, meat and dairy division on calls made and special considerations concerning any given store.
9. Receives meat orders twice weekly from the 23 stores for which he is responsible. Places orders with packers.

Standards of performance:

1. Ability to demonstrate; (a) how to make certain retail meat cuts; (b) how to use a cutting test; (c) how to estimate gross profit using specific prices applied to specific retail cuts in a cutting test.
2. Knowledge of meat quality and grading standards.
3. Knowledge of meat processing tools, equipment, and display and selling equipment.
4. Ability to select meat items and prices that will be accepted as unique and well suited to weekly newspaper advertising.
5. Ability to formulate effective special sales promotion plans and to obtain cooperation from retailers to carry out the plan.
6. Ability to gain and retain the respect of food store owner-managers and to cooperate with other specialists who call on retailers.

History of the position:

Position has been officially recognized for approximately two years. Incumbent has been in the position for the same length of time. Three years prior to present position, incumbent worked in other retail service work for the organization. Incumbent's major former experience was with a large food retailing corporate chain where he was a retail store meat manager for several years. Incumbent recommends ideal preparation consisting of experience as a chain store meat manager for about five years followed by a similar time period with an aggressive independent. Knowledge of meat processing gained from packing house experience is also recommended.

Basic function of this position:

The basic function of this position consists of selecting and pricing meat items for retail newspaper advertising; checking to see that items are ordered and displayed; demonstrating cutting practices when needed to tie in with advertising; formulating special meat sales at retail; providing a means for continually improving meat cutting, displaying and handling practices at retail.

Position Description

Name:

Title:

Reports to: Merchandise Manager

Reporting to this position:

1. Three Specialty Sales Representatives.
2. Two Specialty Sales Representatives--Non Foods Representatives.
3. One Frozen Foods Specialist.

Specific duties:

1. Receives written reports each week on daily activities of the six men reporting to this position. Reports contain: name of each store contacted; a brief description of the call; the store calls planned for the coming week.
2. Meets with Merchandising Manager weekly and reports to him significant points contained in weekly reports received from specialist.
3. Meets with Merchandising Manager later in the week to plan special emphasis to be followed by the specialists during the coming week. Emphasis can be placed on commodities, a survey, or other specific problems as the need arises. The six specialists attend this meeting.
4. Meets with store engineers to discuss commodity placement and amount of space allotted for specific commodities in new or remodeled store plans.
5. Consults with buyer for special information on products as the need arises.

6. Plans and conducts surveys under store selling conditions concerning product movement by brand. Reports results of surveys to others in the organization affected by the results.

Standards of performance:

1. Ability to recognize true nature of problems described in written reports and ability to take action necessary to solve the problem.
2. Ability to gain and hold the respect of specialists, food retailers, and others in the organization.
3. Ability to analyze effectiveness of the work performed by specialists.
4. Ability to supervise product movement surveys so that the results are realistic.

Background of the position:

The position was established less than two years ago. Incumbent had worked for the organization for six years in store improvement (engineering) and in the coffee departments in the organization. Incumbent believes some experience in selling to grocers is necessary training for this position. Experience in store layout and shelf location of merchandise is helpful. Retail grocery experience is desirable.

Basic function:

The basic function of the position of director of specialty sales is to direct the efforts of six specialists. The specialists are primarily concerned with keeping the retailer satisfied with merchandise offered by the warehouse. The specialist wants to find out why a retailer is not buying all of this merchandise from the warehouse. In this role, the specialist is a primary source of communication between the retail store and the warehouse. The specialist encourages the retailer to stock a full line of private label and to give these goods favorable display exposure.

Specialists will perform physical tasks required to relocate merchandise if necessary and approved by the store owner. Commodities which the specialist is particularly interested in are spices, olives, candy, all other private label goods. The specialist is not held responsible for selling any commodities although he takes orders and shows the retailer reasons why he should buy specific items. The specialist is responsible for the sales growth of the entire store and warehouse.

The position of director of specialty sales is responsible for the training and improvement of the specialists, the assessment of their efforts and the carrying out of measures designed to improve specialists when needed relying primarily on personal demonstration and explanation since the majority of the Director's time is spent in the field.

Additional duties recently acquired:

Specific assistance to stores on grand openings and/or anniversary sales or other very special sales events. Fieldmen report the coming event to department head. He then supervises plans with store, incorporating all facilities of warehouse, to insure a successful sale. Sales plan and special ad layout is arranged for, and actual in-store assistance as necessary.

Position Description

Name:

Title: Manager, Retail division

Reports to:

Specific duties:

1. Supervises store layout and merchandise placement in new and remodeled stores. Supervises site location studies to determine potential sales volume in a given trading area. Receives written reports each week from store development personnel.
2. Supervises personnel who call on stores in the role of coordinators. Receives written reports each week from them.
3. Supervises retail accounting service and financial advisory service provided retailers.
4. Attends merchandising committee meeting each week and advises on special problems of retail store promotion.
5. Supervises training of store coordinators and store development personnel.

Background of the position:

The position is relatively new having been begun in May, 1960. Incumbent worked in store development since 1955 before taking his present position.

Basic function:

The basic function of the position is to provide the retail owner-manager with plans for an efficient physical plant; weekly advertising that is well planned; records that the retailer can use to locate areas of poor performance; and advice from persons experienced in food retailing, provided by regularly scheduled personal contact.

Position Description

Name:

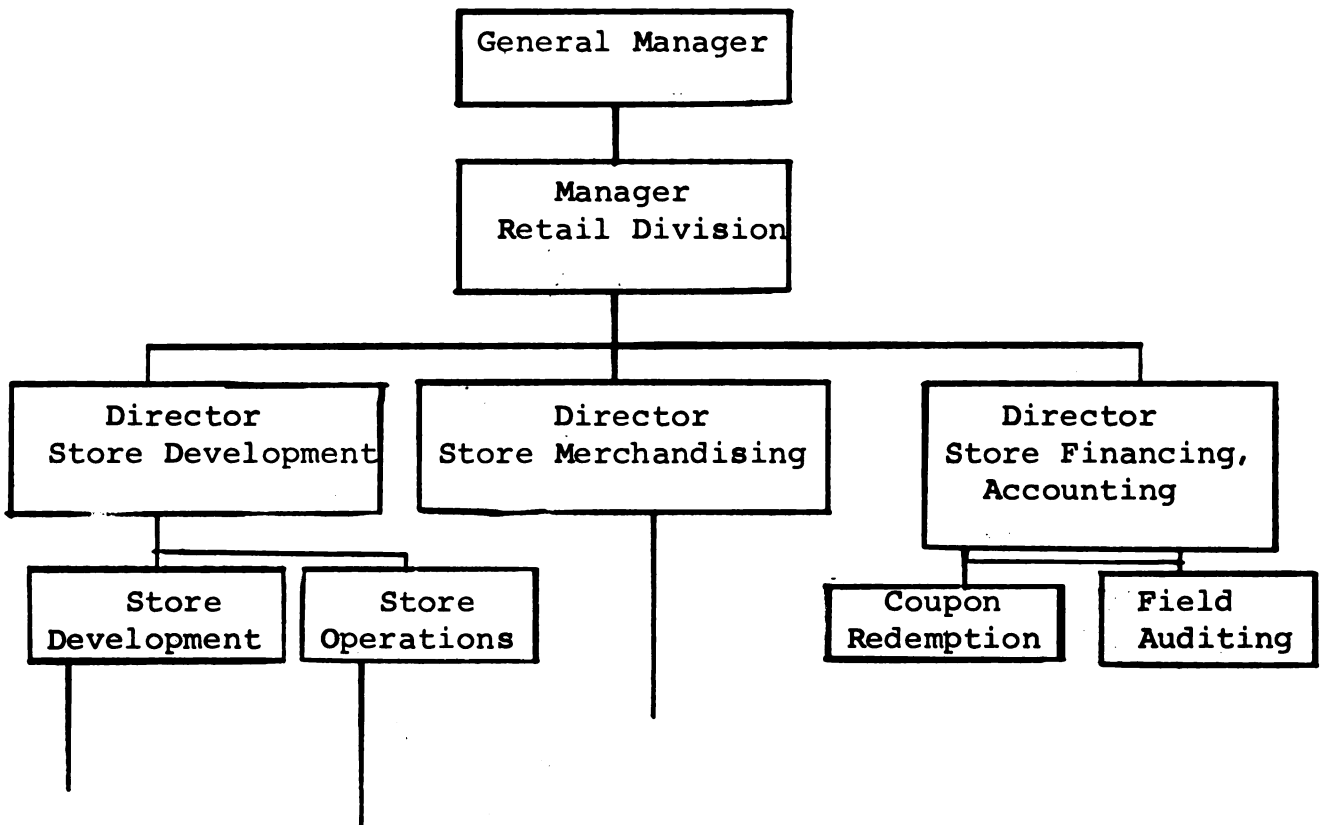
Title: Director of Store Development

Reports to:

Basic function:

To insure profitable operation in the various departments of group members. To answer specific requests of all members.

Organizational relationships



Specific responsibilities:

1. Recruiting and training on the job.
2. Directly supervise store coordinators.
3. Deal with special problems of store promotion.
4. Train store supervisors (or coordinators).

Background and development:

1. Store improvement department specializing in store engineering begun in 1955.
2. Present organization begun May 10, 1960.
3. Store engineering necessary before advertising and merchandising services could be begun.

Limitations

1. Must get confidence of retailer through proven methods.
2. Fewer and larger groups.
3. More stores in groups.
4. Desire 50-50 control.
5. Must have accounting on each store.
6. Lack of young, aggressive store managers is greatest limitation to general expansion.
7. Greatest advantage of group in terms of store operations is the interchange of ideas between members.

Position Description

Name:

Title: Director of Advertising

Reports to:

Reporting to this position:

1. Thirteen employees in the advertising department report to this position.

Specific duties:

1. Supervises the production of approximately 40 pages of advertising each week.
2. Meets with outside agencies to plan other than newspaper advertising.
3. Participates in merchandising committee meeting which is held for the purpose of selecting items to advertise and to plan future advertising themes.
4. Supervises production of weekly bulletin mailed to retailers.

Background of position:

Two people made up the department five years ago. Today there are thirteen people. Approximately 140 stores participate in some form of advertising service provided by the department.

Standards of performance:

The position requires technical knowledge of the advertising production process. In addition, the incumbent is asked to contribute to the development of advertising themes over a long-run period and to assist in the selection of timely items for advertising.

Position Description

Name:

Title: Director, Store Financing and Accounting

Reports to:

Reporting to this position:

1. Accounting and Tax Supervisor
2. Field Auditor
3. Rebate and Redemption Supervisor

Specific duties:

1. Supervises accounting personnel
2. Maintains file and personal contact with sources of funds. Counsels retailers on likely sources of funds.
3. Provides budgets and pro-forma financial statements for retailer applying for funds.
4. Makes out pro-forma income statement for prospective store site based on anticipated sales volume.
5. Maintain and review a potential multi-store retailer list.

Basic function:

The basic function of this position is to supervise the record keeping for about 25 per cent of the membership of this cooperative. Financial reports are provided group coordinators and retailers every thirteen weeks or more often if needed. In addition, the position aids the retailer seeking expansion capital by supplying him with budgets and pro-forma financial statements which can be used to determine the soundness of the loan. Lenders and other sources of capital can be supplied to potential borrowers. Provide policies and procedures for upgrading status of present stores and establishing new outlets through present operators; through new companies and, new investment concepts.

Background and development of the service:

1. The present financing and accounting program was officially put into operation January 1, 1960. Retailer requests for help on site selection and financial advice have been honored for the past six years. However, the present policy has been in effect since January 1, 1960, in a formal sense.
2. Ten years ago the initiative was on the retailer in order to obtain any non-merchandise service. Advertising service came first followed by the rebate program to assist the retailer in making cooperative advertising claims. Next came the store improvement program which amounted primarily to a store interior layout service. The store improvement department does not exist any longer. The retail accounting department was begun in 1955. Realization that facts are needed in order to diagnose store problems provided the primary incentive to the organization of the store accounting service. In addition, the service had the goal of centralizing all required retail financial and tax reports in order to minimize the retailer's task and provide him with useable information.

Limitations:

1. Store financing
 - a. Retail site proposal is analyzed by survey personnel. The retailer is advised on the basis of the report.
 - b. Availability of funds are the main limitation. Equipment and real estate loans are easier to obtain than inventory and working capital.
2. Retail accounting service.
 - a. Not all stores participate.
 - b. Service is not expanded to fullest capabilities at present time. Information could be provided which is not being provided. It is believed that resources should be used first to expand.

Position Description

Name:

Title: Director, store merchandising

Reports to:

Specific duties:

1. Acts as permanent chairman of the merchandising committee which plans long range advertising themes and selects items to be advertised each week in the various group ads.
2. Approves all programs prepared for the various advertising groups prior to layout and production which includes final determination of product activity of all departments.

Basic function:

The basic function of this position is to develop a balanced merchandising program that will produce maximum sales at a satisfactory margin of profit. This is broken down into three categories:

1. Dynamic advertising to create a store image and obtain maximum readership.
2. Development of in-store merchandising programs that will obtain the greatest possible sales per customer and greatest gross profit.
3. Develop a continuity promotional program that will increase customer count and create customer loyalty.

Position Description

Name:

Title: Manager, Meat and Dairy division

Reports to:

Reporting to this position:

1. Two meat selectors
2. Five meat merchandisers
3. Two purchasers (dairy)

Specific duties:

1. Approves changes to be made in meat, dairy, and frozen foods order guides.
2. Travels with meat merchandisers making store calls with the merchandisers.
3. Receives weekly reports from merchandisers on store calls made.
4. Plans and supervises training of new employees reporting to this position.
5. Attends weekly merchandising meeting and assists in final selection of meat items to be advertised.
6. Supervises the placement of weekly meat orders with meat processor suppliers.

Background and development:

Present position officially recognized beginning January, 1960. Meat buying system now being used was adopted following observation of several food wholesalers using a similar system. Fresh meat and dairy products are not stored in the warehouse. At present 135 stores use the order form.

Basic functions:

The position of manager, meat and dairy division is responsible for gathering price, quality, and other product information on meat, dairy and frozen food items and presenting timely product information to the merchandising committees. The position is responsible for placing retailer's orders with meat processors offering the best value in the products required. The position is responsible for the activities of meat merchandisers who have the primary objectives of improving operating practices in meat departments of retail stores participating in the meat buying plan.

Position Description

Name:

Title: Group coordinator

Reports to:

Specific duties:

1. Meets with representatives of two retail advertising groups (18 stores) once a week. Purpose of meeting is to make final adjustments in the advertising that has been prepared for the group.
2. Makes suggestions concerning retail store operations. Suggestions made to the store owner-manager.
3. Reviews operating statements with owner-managers every 13 weeks. Charts certain figures taken from the financial statements.
4. Acts as main source of communication between store owner-manager and the central headquarters of the cooperative.
5. Makes written report on store calls each week.
6. Travels four days visiting stores and is in office one day each week.

Basic function

1. Coordinate advertising with store operations
2. Check and make suggestions on store operations
3. Deal with special store problems by referring to meat specialist, other specialists, or deal with problem himself. (total of 18 stores)

Specific responsibilities

Responsibilities differ between groups

First group

1. Meet with three members of the group to approve coming ad plans.
2. Message carrier between warehouse and retailer
3. Visits all stores at least one day a week (approximately)

Second group

1. Check stores for display and operating practices.

All stores

1. Consult on monthly sales, profit. Make recommendations for improvement.
2. Keep record of store financial reports.

Position Description

Name:

Title: Group Coordinator

Reports to:

Basic functions:

To plan advertising theme, select items and prices for two different groups of stores and consult with a representative of each store on problems concerned with the ad. To provide a contact between the stores and the wholesale center as the need arises. (Interpret purchasing department to the retailer.)

Specific responsibilities:

1. Meet with buyer on Friday morning to get merchandise items of special significance for future.
2. Selects items from buyers list.
3. Discusses proposed items with retailers and makes adjustments.
4. Makes necessary future ad plans.

Position Description

Name:

Title: Retail store engineer

Reports to:

Reporting to this position: one retail store engineer.

Specific duties:

1. Reports weekly in writing to director of the retail division. Weekly reports compiled from daily written reports.
2. Receives weekly written report from the one store engineer reporting to this position.
3. Reviews new equipment brochures from store equipment and store building firms. Maintains file of modern equipment. Requests detailed information from companies not represented by salesmen. Interviews salesmen representing equipment and structural firms.
4. Plans layout of store equipment and commodities for new or remodeled stores. Presents plan in form of a drawing.
5. Supervises stock placement in new or remodeled stores.
6. Works with finance specialist, store owner, and store merchandiser in planning new store or in planning remodeling of an existing store.
7. Surveys potential store locations at request or on basis of his personal evaluation of the site as a potential location for a store.
8. Reviews customer purchases in order to spot below standard sales volume. Calls on store and draws floor diagram and report on proposed changes if desired by owner-manager.

9. Receives written requests from retailers desiring store engineering service. Reviews request and schedules a personal call.

Standards of performance:

1. Ability to: (a) estimate display and equipment needs for a given store, (b) estimate cost of the equipment, (c) select locations for the equipment, (d) select locations for specific commodity groups and shelf position for specific commodities within the groups, (e) diagram the proposed store layout.
2. Accuracy in assessing sales volume for a given location.
3. Ability to judge potential store locations and; gather pertinent data on the location; present proposed location to a capable retailer.
4. Knowledge of sources of information and new developments in display, material handling, processing and stocking equipment, and structural buildings.
5. Knowledge of customer flow research to aid selling floor layout and product flow studies for processing room layout.
6. Knowledge of retail food store management. Ability to gain and retain respect of food store owner who must give approval to all suggestions made by the store engineer before they are carried out.
7. Ability to work with other specialists who also contact the retailer.

History of the position:

Store engineering has been performed as a service for member retailers for approximately six years. Incumbent was first employed in the sales service department of the firm. He has worked as a store engineer for the past four years. Incumbent recommends retail store management experience and technical refrigeration equipment knowledge as helpful training for a person in this position.

Basic function of this position:

The position of store engineer provides the retailer with reports, drawings and recommendations concerning arrangement and amount of shelving and equipment, proposed cost, location of commodity groups, shelf position of individual items, and analysis of sales potential of specific locations. The engineer performs his work at the request of the retailer and he acts as a special information resource for other members of the organization during the planning of new or remodeled stores.

Position Description

Name:

Title: Merchandising Manager

Reports to:

Organization structure:

1. Reporting to this position:

1. Director of Grocery Purchases
2. Director of Non Foods
3. Director of Advertising
4. Director of Specialty Sales (sales service)

Specific duties:

1. Reviews reports on sales by commodity groups in order to compare rate of sale by commodity groups.
2. Recommends retail sales promotion on specific items or commodity groups based on sales patterns, or on new items, new groups of items, or new methods of promotion and selling.
3. Approves prices on all merchandise appearing in the weekly bulletin.
4. Approves and recommends all items appearing in the retailer's weekly bulletin.
5. Recommends or performs research concerning inventory turnover in the warehouse and in the retail store.
6. Reviews qualifications, transfers, training, advancement, and performance of salaried personnel with the directors responsible for the employee.
7. Advises purchasers and interviews salesmen at the request of the purchaser (buyer).
8. Conducts one weekly (pre-bulletin) meeting with the four directors.

9. Attends the merchandising meeting each week and assists commodity specialists explaining the reasons for merchandise recommended by them.
10. Attends top management meeting held monthly.
11. Investigates, appraises and makes changes in operating practices of any buyer or director or other person making commodity recommendations to the merchandising committee when warranted.
12. Coordinates all product buyers (produce, dairy and bakery suppliers deal directly with the retail merchandiser) who are responsible for making product recommendations to the merchandising committee.

Standards of performance:

The standards of performance for this position would include:

1. The extent to which problems are identified by the incumbent.
2. The clarity which the problem is defined and communicated to other persons in the organization.
3. The feasibility of the plan of action designed to solve the problem.
4. The ability of the man in the position to inspire the confidence and cooperation of others whose actions are necessary for solution of a specific problem.
5. The extent to which action by the incumbent is properly timed.
6. The extent to which originality is expressed in commodities presented in the merchandising meeting.
7. The awareness of sources of factual (research) information; the use of factual information to solve present problems when applicable.

8. The feasibility and skill with which research is conducted concerning problems unique to the company. This would include obtaining and working with outside sources with specific research interests and capabilities.

Development and characteristics of the position:

The position title was recognized in January, 1960. The incumbent was with the firm for ten years prior to his appointment to the present position during which he worked in the general area of grocery purchasing. Incumbent believes that minimum qualifications for the position include knowledge of grocery purchasing gained primarily through experience. The knowledge gained would be identified by the person's ability to identify value in a product (price-quality relationship), judgment of proper purchase quantity, judgment concerning estimating consumer acceptance of the products, awareness of and limitations to tools and techniques available to supply specific information. The position requires a person who has the ability to coordinate and gain support from people within the warehouse organization.

Basic function of the position:

The merchandising manager is responsible for all functions related to the purchase of goods sold by or through the warehouse. It is his responsibility to supervise the selection of timely, promotable items within each commodity group sold by or through the warehouse (meat, grocery, produce, dairy, frozen food, health and beauty aids, bakery, non-foods not regularly stocked) and the presentation to the merchandising committee of price, quality, and product information related to the items selected. It is his responsibility to see that suitable merchandise items are selected for the weekly bulletin.

Position Description

Name:

Title: Meat Merchandiser

Reports to: Director of Sales, Meat and Dairy Division

Specific duties:

1. Purchases all (non-canned) meat products for 22 stores.
2. Performs cutting and pricing tests as needed to demonstrate how to prepare cuts being advertised and basis for prices selected for the ad. (Demonstrations performed as need arises).
3. Suggests changing any retail meat price when warranted based on competition, season, and other factors.
4. Demonstrates to retail meat cutters the variations in types of retail cuts that can be obtained from a given primal or wholesale cut.
5. Suggest retail meat items and prices to appear in four different retail food ads each week.
6. Meets with representatives of the four groups and arrives at final meat items to be advertised.
7. Presents approved items to the merchandising committee which is responsible for assembling all items appearing in the ads.
8. Calls on six individual stores on unscheduled basis, approximately once each three weeks, to deal with meat retailing problems as they arise.

Standards of performance:

1. Knowledge of: (a) meat quality, value, seasonal trends in consumer demand and wholesale prices; (b) retail meat cuts and ability to demonstrate these cuts, (c) use of cutting test.

2. Ability to gain and retain the respect of food retailers, meat cutters and ability to cooperate with other members of the organization concerned with retail services.
3. Knowledge of alternative ways of breaking primal cuts into retail cuts and ability to demonstrate how to make the alternative cuts.
4. Ability to select promotable retail meat items that represent unique values to the consumer on a weekly basis.
5. Ability to formulate occasional special sales plans designed to provide a (special sales promotion) temporary sales increase for the individual store.

History of the position:

Incumbent joined organization as a meat merchandiser approximately one and a half years ago. Incumbent's prior training included retail experience with a national food retailing chain and twelve years with a large meat packer where he had sales and processing experience. Incumbent believes that optimum training for this position would consist of equal emphasis on meat retailing and meat packing experience. Approximately 60 per cent of working time takes place in retail stores.

Basic function:

The basic function of this position is to assist a store owner in any way which will have the ultimate result of improving the long run profit of the retail meat department in his store. To accomplish this general goal, three functional areas are stressed. They are: (1) buying, (2) sales promotion, and (3) retail meat operating practices. The incumbent in this position is responsible for satisfactory performance in the three functional areas.

Position Description

Name:

Title: Assistant Store Engineer

Reports to: Retail Store Engineer

Specific duties:

1. Reports weekly in writing to retail store engineer. The weekly report is supplemented by frequent face-to-face contact with the store engineer.
2. Assembles latest information on new equipment. Informs retailers of new equipment when applicable.
3. Places orders for minor equipment ordered by retailers.
4. Assembles information from store front and store building construction firms. Requests them to submit designs and bids where applicable.
5. Specifies location of equipment and departments in planning new store or remodeling an existing store.
6. Specifies amount of equipment or amount of space to be allocated to each commodity group or department in a new store or in a remodeling plan.
7. Suggests shelf location and number of facings for all commodity groups in new or remodeled stores.
8. Place all merchandise and supervise shelf stocking for new stores.
9. Writes first order for all new stores.
10. Conducts store location survey when requested by retailer, store merchandisers, or when a given area appears to be a potential store site.
11. Works with store merchandiser, finance specialist and retailer in estimating new store building costs.

12. Assists retailer in selecting store exterior and types of construction.
13. Requests assistance from salesmen who are willing to assist in helping stock a new store.

Standards of performance:

1. Ability to plan the location of departments and equipment in a retail store in proper proportions so as to insure maximum customer flow and permit adequate but not excessive display exposure for each commodity and each commodity group.
2. Awareness of and ability to adopt, test and develop criteria guiding proper store layout of departments, facings and shelf position of individual items.
3. Knowledge of latest developments in retail food store display, material handling, selling and processing equipment; the source, price and other important purchasing information related to the equipment.
4. Ability to accurately estimate: (a) retail food sales potential of a given area; (b) present impact of existing retail food stores; (c) potential sales of a proposed new store.
5. Ability to: (a) gain and retain the respect of retail food store owner-managers; (b) cooperate with other members of the organization who have special knowledge concerning a retailer's store engineering and store location needs; (c) gain assistance from manufacturers' representatives when desired such as stocking the section of a new store assigned to their merchandise.
6. Ability to use mechanical drawing to present floor plan and location of commodity groups to a retailer building or remodeling his store.

History of the position:

The store engineering service has been performed for approximately six years. Incumbent was employed by the firm five years ago. He worked in the sales service department for two years before beginning

his present work. Incumbent recommends retail store management experience as important training for the position he holds. A prospective employee for this position should also have had basic training in mechanical drawing.

Basic function of this position:

The retail store engineer position has the basic responsibility for recommending interior store location of equipment and commodity groups; the amount of equipment and space to be given to departments and commodity groups; shelf location of items in a new or remodeled store; making the diagrams necessary to plan the location of equipment and commodity groups; conducting surveys to estimate market potential.

Position Description

Name:

Title: Coordinator

Reports to:

Specific duties:

1. Attends one meeting a week at the warehouse to review items and prices that have been recommended by the director of merchandising for the ad to appear three weeks hence. Specific reasons why certain items and prices, and general theme were selected are explained to the incumbent at this meeting. The meeting is usually attended by the incumbent and the director of store merchandising or an associate of the director.
2. Attends meeting with two representatives of the stores sharing the newspaper costs of the same ad. Purpose of the meeting is to explain reasons for items selected, review advertising of the past week, select certain items and prices that have not been determined, obtain final approval of the completed ad.
3. Meets with two individual store owner-managers who have their advertising prepared at the warehouse but do not share the printing expense of the ad with other stores.
4. Meets with each store once a week acting as the main source of contact between the warehouse and the store. Various billing and other adjustments are made and general information is transferred between the owner-manager and the warehouse through the incumbent at this time.
5. Serves as primary contact between warehouse and prospective members. Incumbent is often, but not necessarily, directed to prospective customers by the warehouse top management.

6. Recommends specific operating practices to the owner-manager. Guides the owner-manager in the use of the practices as needed and desired by the owner-manager. Examples of recommended practices include: (1) positioning private label (lower priced-higher margin) merchandise next to national brand (higher priced-lower margin) of a similar commodity to benefit from the higher sales volume of the national brand; (2) use of inventory control forms to aid in ordering proper quantities of dry groceries and some perishable products (dairy) ordered from the warehouse. Inventory control forms have been adopted by the grocery department of four of the stores; (3) monthly analysis of financial statements is conducted by the store owner-manager and the incumbent which serves as an appraisal of past action and a basis for future plans.
7. Receives balance sheet and income statement information on each store each month. Charts the information; determines certain ratios; presents the statement, charts, ratios to owner-manager and discusses them with the owner-manager.
8. Reports progress of stores to the retail division manager. Reporting is done on an unscheduled, verbal basis as needed. Incumbent is in frequent face-to-face contact with the retail division manager.
9. Discusses display equipment needs with owner-manager.
10. Performs preliminary site selection work. Discusses expansion possibilities with owner-managers who are interested in expansion and are presently operating a successful store. Calls in finance and store engineering staff when preliminary steps have been completed.
11. Reports to store owner-manager on a manager's report form. Form provides written medium for incumbent to express dissatisfaction concerning items such as: store cleanliness, operating practices, actions and attitude of personnel. Form used infrequently by the incumbent.

Standards of performance:

1. Ability to recognize owner-managers capable of expanding to multiple units or a larger unit.
2. Awareness of possible locations for a retail store.
3. The identification of inefficient operating practices in the store and the ability to demonstrate, explain and convince the store owner-manager to take corrective action.
4. The ability to recognize and convince potential members of the advantages of membership.
5. Knowledge of merchandising, and warehouse operating policy necessary to explain advertising, price, quality, and more general operating policies accurately and convincingly to retail owner-managers.
6. Awareness of and ability to demonstrate any techniques or practices likely to improve efficiency in any specific retail store.
7. The ability to identify and communicate problems encountered in his work to proper persons in the warehouse organization.
8. The ability to form and retain the confidence of retailers contacted.
9. The ability to retain the respect and cooperation of other members of the warehouse organization with whom the incumbent must cooperate or rely on for special assistance.

Basic function:

The coordinator is responsible for the profitable operation of stores in his area. Monthly financial statements are analyzed and discussed with the store owner-manager; a weekly ad is prepared with the store owner-manager; a weekly ad is prepared subject to owner-manager or committee approval; the coordinator shall make specific operating suggestions to the owner-manager such as stock placement, maintenance of special displays, use of inventory control forms, appearance and

attitude of store employees. Coordinator can request specialized services such as fixture building, store engineering, financial counsel, specialists in the retail sale of fresh meat to work with the store owner-manager on special problems as the need arises. The coordinator is the primary personal contact between the store owner and the wholesale source of supply. The coordinator is uniquely situated to explain policy, make merchandise adjustments or inquiries for the owner-manager, and answer or obtain answers to various policy or merchandise oriented questions of the store owner-manager. The coordinator is responsible for expansion through acquiring new members and by facilitating the expansion of present members into multiple retail units or expansion to improved stores and improved locations.

APPENDIX C

SCHEDULE USED WHEN INTERVIEWING RETAILERS

Questionnaire number _____

Col. 3 Are you affiliated with a specific wholesaler or cooperative?

(1) yes

(2) no

Col. 4 How long have you been affiliated? _____

(1) above

(2) below

Col. 5 What is the form of your ownership in this store?

(1) sole owner (if 1, go to Col. 7)

(2) partnership

(3) corporation

(4) other

Col. 6 What functions or areas of responsibility are performed by your (partner/corporate business associates?)

(1) manager another store or another business

(2) manages department within this store

(3) basically advisory (financial, operations)

(4) shares in managing entire store

(5) other

Col. 7 How long have you been an owner in this store? _____

(1) above

(2) below

Col. 8 What is the cash-credit sales policy in your store?

(1) all sales for cash

(2) limited credit to households

(3) credit to institutions, employees, welfare, other
special cases

(4) other

Col. 9 What was your occupation before becoming an owner
in this store?

(1) owned grocery store

(2) corporate chain - supervisory

(3) corporate chain - store manager

(4) corporate chain - retail employee

(5) supervision - nonchain

(6) store employee - nonchain

(7) salesman

(8) student

(9) other

Col. 10 Do you have regular delivery to households?

(1) yes

(2) no

(3) other

Col. 11 Population of community where located:

(1) less than 5,000

(2) 5 - 9,999

(3) 10 - 14,999

(4) 15 - 19,999

(5) 20 - 24,999

(6) 25 - 29,999

(7) over 30,000

Col. 11 (continued)

- (8) unincorporated (country)
- (9) unincorporated (suburban)

Col. 12 Type of parking available:

- (1) adjacent to store paved
- (2) adjacent to store not paved
- (3) adjacent to store metered
- (4) street parking only
- (5) other

Col. 13 Number of employees on payroll excluding owner-manager(s): _____

- (1) above
- (2) below

What departmentalization do you use in recording sales?

- Col. 14 (1) grocery
- Col. 15 (1) meat
- Col. 16 (1) produce
- Col. 17 (1) frozen food
- Col. 18 (1) alcoholic beverages
- Col. 19 (1) delicatessen
- Col. 20 (1) bakery
- Col. 21 (1) drugs
- Col. 22 (1) other

What type or types of advertising media do you use during a typical year? As I understand it, your regular weekly advertising would typically occur in the following types of media:

- Col. 23 (1) newspaper
- Col. 24 (1) direct mail
- Col. 25 (1) handbill
- Col. 26 (1) radio

Col. 27 (1) television

Col. 28 (1) other

Col. 29 Do you share the cost of the newspaper ad with other stores?

(1) yes

(2) no

Col. 30 How long have you shared newspaper advertising costs with other stores: _____?

(1) above

(2) below

My understanding is that wholesalers often make available to retailers several types of advertising aids such as: bulletins, suggested items, suggested prices, mat service, layout of newspaper ad, layout and mailing handbills, and signs.

Col. 31 Do you use any of these advertising aids?

(1) yes

(2) no

Which advertising aids of this type do you use?

Col. 32 (1) suggested list of items and prices

Col. 33 (1) supervisor as an advisor in planning advertising

Col. 34 (1) mat service (obtained through wholesaler)

Col. 35 (1) layout service (by wholesaler specialists)

Col. 36 (1) handbill (obtained through wholesaler)

Col. 37 (1) direct mail (mailed by wholesaler)

Col. 38 (1) window banners (obtained through wholesaler)

Col. 39 (1) group service

Col. 40 (1) other

Col. 41 How do you pay for the various advertising aids you use?

(1)

(2)

(3)

(4)

(5)

(6)

Col. 42 How would you describe your feeling about the charge(s) made for advertising?

(1)

(2)

(3)

(4)

(5)

I will read some statements which will declare that certain benefits have or have not been realized by you as a result of your use of advertising aids. Please select one of the five choices on this card which corresponds to your feeling about each statement. Tell me the number of your choice.

The first statement is:

Col. 43 As a result of using the advertising aids provided by the wholesaler, I definitely feel that the consumers' price impression of my store has been improved over what it would be otherwise.

1

2

3

4

5

Col. 44 As a result of using the advertising aids, I believe I am definitely spending fewer dollars on advertising than I would otherwise.

1

2

3

4

5

Col. 45 Using the advertising aids, provided by the wholesaler definitely saves me time compared to the amount of time I would use on advertising otherwise.

1 2 3 4 5

Col. 46 By using the advertising aids, I believe I definitely get more for my advertising dollar than I would otherwise.

1 2 3 4 5

Col. 47 As a result of using the advertising aids, I believe I definitely advertise a better selection of items than I would otherwise.

1 2 3 4 5

Col. 48 I definitely feel that the consumers' price impression of my store has not improved as a result of using the various advertising aids.

1 2 3 4 5

Col. 49 I definitely believe I am spending more dollars on advertising as a result of using the various advertising aids than I would otherwise.

1 2 3 4 5

Col. 50 I definitely believe I spend more time on advertising as a result of using the advertising aids than I would otherwise.

1 2 3 4 5

Col. 51 I definitely believe I get less for my advertising dollar since using the various advertising aids than I would otherwise.

1 2 3 4 5

Col. 52 I definitely believe the selection of items I advertise has not improved as a result of using the various advertising aids.

1 2 3 4 5

It is my understanding that some wholesalers hire meat retailing specialists, sometimes called meat supervisors or meat merchandisers, who call on retailers.

Col. 53 Does a meat retailing specialist employed by the wholesaler call on you?

- (1) yes
- (2) no
- (3)

Col. 54 How often does the meat retailing specialist call on you?

- (1) about once a month
- (2) about twice a month
- (3) about once a week
- (4) telephoned when needed
- (5) no regular schedule
- (6)

My understanding is that specialists in store operations, sometimes identified by the title of supervisor, contact man, or coordinator, are employed by some wholesalers to make personal calls on retailers.

Col. 55 Does a specialist in store operations call on you?

- (1) yes
- (2) no
- (3) other

Col. 56 How often does the specialist in store operations call?

- (1) about once a month
- (2) about twice a month
- (3) about once a week
- (4) telephoned when needed
- (5) no regular schedule
- (6) other

Col. 57 Is a store record keeping service made available to you by the wholesaler?

(1) yes

(2) no

Col. 58 Are the records for your store kept by this service?

(1) yes

(2) no

Col. 59 What reports do you receive, how often, how often is physical inventory taken, what is the cost?

(1)

(2)

(3)

(4)

(5)

Col. 60 Is there a specific reason why accounting service is not used?

(1)

(2)

(3)

(4)

(5)

(6)

if accounting service is being used:

Col. 61 Do you recall any type of action you have taken based on these statements?

(1) yes

(2) no

(3) other

Describe:

What source or sources, if any, have been particularly helpful to you in analyzing the statements? Here is a partial list of possible sources you can use as a reminder. This is not a complete list. Do not hesitate to name sources not shown on the list. (Give respondent the list and explain each item.)

- Col. 62 (1) own experience
- Col. 63 (1) meat retailing specialist
- Col. 64 (1) store operations specialist
- Col. 65 (1) other wholesaler employed specialist or executives
- Col. 66 (1) salesmen, (not employed by the wholesaler)
- Col. 67 (1) magazines, papers
- Col. 68 (1) observations of other stores
- Col. 69 (1) meetings sponsored by your wholesaler
- Col. 70 (1) relatives, partner, employees
- Col. 71 (1) other

Please give me your opinion on the following statement by telling me the number of the phrases that correspond nearest to your own feeling. The statement is:

Col. 72 Due to my participation in the accounting service, I believe I have made changes in operating practices which I would not have made otherwise.

1 2 3 4 5

Col. 73 Do you recall any recent additions or replacements of any type of meat department equipment?

- (1) yes
- (2) no
- (3)

Describe:

What sources were particularly helpful to you in deciding to make this change in meat department equipment?

(Refer to list if helpful to you.)

Col. 74 (1) own experience

Col. 75 (1) meat retailing specialist

Col. 76 (1) store operations specialist

Col. 77 (1) other wholesaler employed specialists or executives

Col. 78 (1) salesmen (not employed by the wholesaler)

Col. 79 (1) magazines, papers

Col. 3 (1) observation of other stores

Col. 4 (1) meetings sponsored by your wholesaler

Col. 5 (1) relatives, partner, employees

Col. 6 (1) other sources

Please give me your opinion on another statement:

Col. 7 As a result of my participation in the group, I have made changes in meat department equipment which I would not have made otherwise.

1 2 3 4 5

Col. 8 Have you made any recent changes in the arrangement of equipment in the meat department work area?

(1) yes

(2) no

(3)

Describe:

What source or sources were particularly helpful to you when you were deciding to make this change?

Col. 9 (1) own experience

Col. 10 (1) meat retailing specialist

Col. 11 (1) store operations specialist

- Col. 12 (1) other wholesaler employed specialists or executives
- Col. 13 (1) salesmen (not employed by wholesaler)
- Col. 14 (1) magazines, papers
- Col. 15 (1) observation of other stores
- Col. 16 (1) meetings sponsored by your wholesaler
- Col. 17 (1) relatives, partner, employees
- Col. 18 (1) other sources

Please give me your opinion on this statement:

Col. 19 As a result of participating in the group, I believe I have made changes in arrangement of equipment in the work area of the meat department which I would not have made otherwise.

1 2 3 4 5

Col. 20 Do you recall any recent changes in your meat department housekeeping or cleanliness practices?

- (1) yes
- (2) no
- (3)

Describe:

What source or sources do you recall that were particularly helpful to you in deciding to make this change?

- Col. 21 (1) own experience
- Col. 22 (1) meat retailing specialist
- Col. 23 (1) store operations specialist
- Col. 24 (1) other wholesaler employed specialist or executives
- Col. 25 (1) salesmen not employed by the wholesaler
- Col. 26 (1) magazines, papers
- Col. 27 (1) observation of other stores

Col. 28 (1) meetings sponsored by the wholesaler

Col. 29 (1) relatives, partner, employees

Col. 30 (1) other sources

Please give me your opinion of this statement:

Col. 31 I believe that as a result of my participation in the group, changes have been made in meat department cleanliness practices which would not have been made otherwise.

1 2 3 4 5

Col. 32 Does your wholesaler make available to you any type of training for your meat department personnel?

(1) yes

(2) no

(3) other

Col. 33 Do you use this service?

(1) yes

(2) no (if no, skip next 9 questions)

(3) other

if yes:

Col. 34 How is the training usually done?

(1) demonstrations by the meat specialist

(2) group training sessions

(3) both group sessions and in-store demonstrations

(4)

(5)

Col. 35 Approximately how long has it been since you last used the meat training service?

(1) within 6 months

(2) 6 months to one year

(3) 1 year to 18 months

(4) over 2 years

Col. 36 How many persons from your store attended the last meat training session or demonstration?

(1) one

(2) two

(3) three

(4) more than three

Col. 37 How long did this training session last?

(1) three days

(2) two days

(3) one day

(4) part of a day

(5) evening

(6)

Col. 38 Have you ever attended a meat retailing session?

(1) yes

(2) no

Col. 39 Since last using the service, have training sessions in meat retailing sponsored by the wholesaler been made available which have not been attended by you or your employees?

(1) yes

(2) no

(3) other

if yes:

Col. 40 What is the principle reason why you or any of your employees did not attend?

(1)

(2)

(3)

(4)

(5)

(6)

Col. 41 What has been your policy concerning pay, travel, lodging, meals and other expenses of employees attending meat retailing sessions?

(1) full pay and expenses (travel, subsistence)

(2) full pay and subsistence

(3) full pay and travel

(4) full pay and allowance

(5) expenses (local meeting not during working hours)

I would like your opinion on the following statement:

Col. 42 As a result of participating in the group, my meat department personnel definitely have a better opportunity for training than they would have otherwise.

1 2 3 4 5

If no: (to original question on meat training)

Col. 43 What is the principle reason why you do not use the meat training service?

(1)

(2)

(3)

(4)

(5)

My understanding is that some wholesalers offer a meat program which means that the retailer can buy his meat products from or through the warehouse.

Col. 44 Do you participate in a program of this type?

- (1) yes
- (2) no
- (3)

Col. 45 What procedure do you use to place your order when participating in the meat program?

- (1) mail
- (2) telephone
- (3) both 1 and 2
- (4) other

Col. 46 How often do you receive deliveries?

- (1) one a week
- (2) two a week
- (3) three a week
- (4) other

Col. 47 Who delivers the meat order?

- (1) packer
- (2) wholesaler
- (3) both
- (4) public carrier
- (5) other

Col. 48 Is a minimum weight required of your meat order when buying from the meat program?

- (1) yes
- (2) no

Col. 49 Does the meat program specialize in a given grade of beef?

- (1) yes
- (2) no
- (3) other

if yes:

Col. 50 Does this mean that you have fewer different grades of beef available when buying through the meat service than you would have otherwise?

- (1) yes
- (2) no
- (3) maybe

Col. 51 What grade or grades of beef are available through the meat program?

- (1) good and choice
- (2) top good and top choice
- (3) choice and prime
- (4) choice
- (5) only one grade
- (6) same as from packer
- (7) other
- (8)

Col. 52 Do you buy meat from sources other than the wholesaler?

- (1) yes
- (2) no
- (3)

Col. 53 Why are purchases made from other sources?

- (1) specialty meats
- (2) locally produced meats
- (3) quality desired not available from meat program
- (4)
- (5)

Col. 54 Approximate proportion of total purchases from other sources:

- (1) very small amount
- (2) 1 to 5 per cent
- (3) 5 to 10 per cent
- (4) more than 10 per cent
- (5)

Please select one of the five choices on this card which corresponds to your feeling about the following statements.

Col. 55 By participating in the meat program, I can buy the same quality beef for a lower price than I could otherwise.

1 2 3 4 5

Col. 56 Because of participating in the meat program, time is saved which would otherwise be used talking to packers' salesmen.

1 2 3 4 5

Col. 57 By participating in the meat program, I can get a better quality beef for a given price than I could otherwise.

1 2 3 4 5

Col. 58 The price I pay for beef bought through the meat program is not any lower than I would pay otherwise for the same quality.

1 2 3 4 5

Col. 59 Considering the ordering and other procedures I must follow, I do not save time by buying through the meat program.

1 2 3 4 5

Col. 60 The quality of beef I buy through the meat program is not any better than I could buy otherwise for a comparable price.

1 2 3 4 5

Col. 61 Does your wholesaler make available to you any type of training for your checkout employees?

- (1) yes
- (2) no
- (3) other

Col. 62 Do you use this service?

- (1) yes
- (2) no (if no, skip next 9 questions)

Col. 63 How is the training usually done?

- (1) sessions in conjunction with cash register company
- (2) demonstrations in the store
- (3) both group sessions and in-store demonstrations
- (4)
- (5)

Col. 64 Approximately how long has it been since you last used the service?

- (1) within 6 months
- (2) 6 months to a year
- (3) 1 year to 18 months
- (4) 18 months to 2 years
- (5) over 2 years
- (6) other

Col. 65 How many persons from your store attended the checker training session last time?

- (1) one
- (2) two
- (3) three
- (4) more than three

Col. 66 How long was this last training session?

- (1) three days
- (2) two days
- (3) one day
- (4) part of a day
- (5) evening
- (6)

Col. 67 Have you ever attended a checker training session?

- (1) yes
- (2) no

Col. 68 Since last using the checker training service, have training sessions been made available by the wholesaler in checker training which you have not used?

- (1) yes
- (2) no
- (3)

if yes:

Col. 69 What is the principal reason why you did not use this training session?

- (1)
- (2)
- (3)
- (4)
- (5)
- (6)

Col. 70 What has been your policy concerning pay, travel, meals and other expenses of employees attending checker training

- (1) full pay and expenses (travel, subsistence)

- (2) full pay and subsistence

- (3) full pay and travel
- (4) full pay and allowance
- (5) expenses (local meeting not during working hours)
- (6)

Please give me your opinion on this statement:

Col. 71 Since my participation in the group, my check-out employees definitely have an opportunity for better training than they would have otherwise.

1 2 3 4 5
if no: (to original question on checker training)

Col. 72 What is the principle reason why you do not use the checker training service?

- (1)
- (2)
- (3)
- (4)

Col. 73 Does your wholesaler make available to you any type of training in dairy department operations?

- (1) yes
- (2) no
- (3)

Col. 74 Do you use or have you used this service?

- (1) yes
- (2) no (if no, skip next 9 questions)
- (3)

if yes:

Col. 75 How is the training usually done?

- (1) group sessions sponsored by wholesaler
- (2) in-store demonstrations

(3) both in-store demonstrations and
teaching sessions

(4)

(5)

Col. 76 How long has it been since you last
used the dairy training service?

(1) within 6 months

(2) 6 months to 1 year

(3) 1 year to 18 months

(4) 18 months to 2 years

(5) over 2 years

(6)

Col. 77 How many persons from your store
attended the training session in dairy
department operation last time?

(1) one

(2) two

(3) three

(4) more than three

Col. 78 How long did this training session
last?

(1) three days

(2) two days

(3) one day

(4) part of a day

(5) night

(6)

Col. 79 Have you ever attended a dairy
products training session?

(1) yes

(2) no

(3)

Col. 3 Since last using the dairy department training service, have training sessions in dairy department operations been offered to you which you did not use?

(1) yes

(2) no

(3)

if yes:

Col. 4 What is the principal reason why you did not use this last training session?

(1)

(2)

(3)

(4)

(5)

Col. 5 What has been your policy concerning pay, travel, meals and other expenses of employees attending sessions in dairy department operations?

(1) full pay and expenses (travel, subsistence)

(2) full pay and subsistence

(3) full pay and travel

(4) full pay and allowance

(5) expenses (local meeting not during working hours)

(6)

Please give me your opinion on this statement:

Col. 6 Since my participation in the group, my employees definitely have an opportunity for better training in dairy department operations than they would have otherwise.

1

2

3

4

5

if no: (to original question on dairy department training)

Col. 7 What is the principal reason why you do not use the dairy training service?

(1)

(2)

(3)

(4)

(5)

Col. 8 Does your wholesaler make available any type of training for your grocery department employees?

(1) yes

(2) no

(3)

Col. 9 Do you use this service?

(1) yes

(2) no (if no, skip next 9 questions)

(3) not sure

if yes:

Col. 10 How is the training usually done?

(1) training sessions sponsored by the wholesaler

(2) demonstrations in the store by the supervisor

(3) demonstrations in the store by other specialists

(4) combination sales promotion and training

sessions

(5)

(6)

Col. 11 When was the last time your employees participated in this grocery department training session?

(1) less than 6 months ago

(2) 6 months to a year ago

(3) 1 year to 18 months

(4) 18 months to 2 years

(5) more than 2 years

Col. 12 How long was this last training session?

- (1) three days
- (2) two days
- (3) one day
- (4) part of a day
- (5) night

Col. 13 How many persons from your store attended the grocery training session last time?

- (1) one
- (2) two
- (3) three
- (4) more than three

Col. 14 What is your pay and expense policy for those attending?

- (1) full pay and expenses (travel, subsistence)
- (2) full pay and subsistence
- (3) full pay and travel
- (4) full pay and allowance
- (5) expenses (local meeting not during working hours)

Col. 15 Have you ever attended a grocery training session?

- (1) yes
- (2) no
- (3)

Col. 16 Since last using the grocery training service, have sessions sponsored by the wholesaler been made available to you which you or any of your employees have not attended?

- (1) yes
- (2) no
- (3)

if yes:

Col. 17 What is the principle reason why you did not use this last training session?

(1)

(2)

(3)

(4)

(5)

(6)

I would like your opinion on this statement:

Col. 18 As a result of my participation in the group, I believe my grocery department employees definitely have an opportunity for better training than they would have otherwise.

1

2

3

4

5

if no: (to original question on use of grocery training)

Col. 19 What is the principle reason why you do not use the grocery training service?

(1)

(2)

(3)

(4)

(5)

The personnel training services used by you and sponsored by the wholesaler, as I understand it, could be described as:

Col. 20 (1) checker training sessions

Col. 21 (1) meat retailing sessions

Col. 22 (1) training in the operation of the dairy department

Col. 23 (1) training sessions for grocery department employees

Col. 24 (1) in-store demonstrations by supervisors

Col. 25 (1) in-store demonstrations by other wholesaler employed specialists

Col. 26 (1) other

Col. 27 Do you make any type of payment for these training services?

(1) yes

(2) no

if yes:

Col 28 How is the amount of the payment determined?

(1)

(2)

(3)

(4)

Col. 29 Do you feel that the personnel training activities should be expanded and emphasized more by your wholesaler (or cooperative)?

(1) yes

(2) no

if yes:

Col. 30 How should the expanded service be supported financially?

(1)

(2)

(3)

(4)

if no: (does not feel personnel training should be expanded)

Col. 31 What are the principal reasons why you feel the service should not be expanded?

- (1)
- (2)
- (3)
- (4)
- (5)

Col. 32 Do you recall any recent changes in housekeeping or cleaning practices in your store?

- (1) yes
- (2) no

Describe:

if yes:

What source or sources do you recall that were particularly helpful to you in deciding to make this change?

- Col. 33 (1) own experience
- Col. 34 (1) meat retailing specialist
- Col. 35 (1) store operations specialist
- Col. 36 (1) other wholesaler employed specialist or executives
- Col. 37 (1) salesmen (not employed by the wholesaler)
- Col. 38 (1) magazines, papers
- Col. 39 (1) observation of other stores
- Col. 40 (1) meetings sponsored by your wholesaler
- Col. 41 (1) relatives, partner, employees
- Col. 42 (1) other sources

if yes:

I am interested in your opinion of this statement:

Col. 43 Since participating in the group, I definitely feel that changes have been made in housekeeping practices in my store which would not have been made otherwise.

1 2 3 4 5

Col. 44 Have you made any recent changes in special display practices such as changing the number of special displays, methods of displaying, type of merchandise in special displays, etc. . . .

(1) yes

(2) no

(3) not sure

Describe:

What source or sources have been particularly helpful to you in deciding to make changes in special display practices?

Col. 45 (1) own experience

Col. 46 (1) meat retailing specialist

Col. 47 (1) store operations specialists

Col. 48 (1) other wholesaler employed specialists
or executives

Col. 49 (1) salesmen (not employed by the wholesaler)

Col. 50 (1) magazines, papers

Col. 51 (1) observation of other stores

Col. 52 (1) meetings sponsored by your wholesaler

Col. 53 (1) relatives, partner, employees

Col. 54 (1) other

Please give me your opinion of this statement:

Col. 55 As a result of participation in the group,
I believe I definitely have made changes in special
display practices in my store which I would not have
made otherwise.

1 2 3 4 5

Col. 56 Have you made any recent changes in shelf position of
any items other than changes usually made during shelf
stocking?

(1) yes

(2) no

(3) not sure

Describe:

What source or sources were particularly helpful to you
in deciding to make these changes in shelf position of
items?

Col. 57 (1) own experience

Col. 58 (1) meat retailing specialist

Col. 59 (1) store operations specialist

Col. 60 (1) other wholesaler employed specialists or
executives

Col. 61 (1) salesmen (not employed by the wholesaler)

Col. 62 (1) magazines, papers

Col. 63 (1) observation of other stores

Col. 64 (1) other sources

Col. 65 (1) relatives, partner, employees

Col. 66 (1) other sources

Col. 67 As a result of my participation in the group,
changes have definitely been made in the shelf

position of items which would not have been made otherwise.

1 2 3 4 5

Col. 68 Do you recall any recent changes in freight receiving methods?

- (1) yes
- (2) no
- (3) not sure

Describe:

What source or sources were particularly helpful to you in deciding to make the change in freight receiving methods?

- Col. 69 (1) own experience
- Col. 70 (1) meat retailing specialist
- Col. 71 (1) store operations specialist
- Col. 72 (1) other wholesaler employed specialists or executives
- Col. 73 (1) salesmen (not employed by the wholesaler)
- Col. 74 (1) magazines, papers
- Col. 75 (1) observation of other stores
- Col. 76 (1) meetings sponsored by your wholesaler
- Col. 77 (1) relatives, partner, employees
- Col. 78 (1) other sources
- Col. 79 As a result of my participation in the group, I definitely have made changes in freight receiving methods which I would not have made otherwise.

1 2 3 4 5

Col. 3 Have you made any recent changes in the layout of your backroom storage area?

- (1) yes
- (2) no
- (3) not sure

Describe:

What source or sources were particularly helpful to you in deciding to change the layout of your backroom?

- Col. 4 (1) own experience
- Col. 5 (1) meat retailing specialist
- Col. 6 (1) store operations specialist
- Col. 7 (1) other wholesaler employed specialists or executives
- Col. 8 (1) salesmen (not employed by the wholesaler)
- Col. 9 (1) magazines, papers
- Col. 10 (1) observation of other stores
- Col. 11 (1) meetings sponsored by your wholesaler
- Col. 12 (1) relatives, partner, employees
- Col. 13 (1) other sources
- Col. 14 Since participating in the group, I believe I have definitely made changes in the layout of the backroom storage area which I would not have made otherwise.

1 2 3 4 5

Col. 15 Have you made any recent additions to or replacements of store equipment?

- (1) yes
- (2) no
- (3) not sure

Describe:

What source or sources were particularly helpful to you in deciding to make the change in store equipment?

Col. 16 (1) own experience

Col. 17 (1) meat retailing specialist

Col. 18 (1) store operations specialist

Col. 19 (1) other wholesaler employed specialists
or executives

Col. 20 (1) salesmen not employed by your wholesaler

Col. 21 (1) magazines, papers

Col. 22 (1) observation of other stores

Col. 23 (1) meetings sponsored by your wholesaler

Col. 24 (1) relatives, partner, employees

Col. 25 (1) other sources

Col. 26 (1) As a result of participating in the group, I have made changes in store equipment which I would not have made otherwise.

1

2

3

4

5

Col. 27 Have you held a recent special sale other than the regular weekly promotions?

(1) yes

(2) no

(3) not sure

Describe:

What source or sources were particularly helpful to you in planning the special sale?

Col. 28 (1) own experience

Col. 29 (1) meat retailing specialist

Col. 30 (1) store operations specialist

Col. 31 (1) other wholesaler employed specialists
or executives

Col. 32 (1) salesmen not employed by your wholesaler

Col. 33 (1) magazines, papers

Col. 34 (1) observation of other stores

Col. 35 (1) meetings sponsored by your wholesaler

Col. 36 (1) relatives, partner, employees

Col. 37 (1) other sources

Col. 38 As a result of my participation in the group,
I feel I have had more special, in-store sales than
I would otherwise.

1 2 3 4 5

Remodeling:

Col. 39 Does your wholesaler offer advisory assistance in
store remodeling?

(1) yes

(2) no (if no, skip next five questions)

(3)

if yes:

Col. 40 Have you used this service?

(1) yes

(2) no

(3)

if yes:

Col. 41 What was the type of remodeling you did the
last time you used the service?

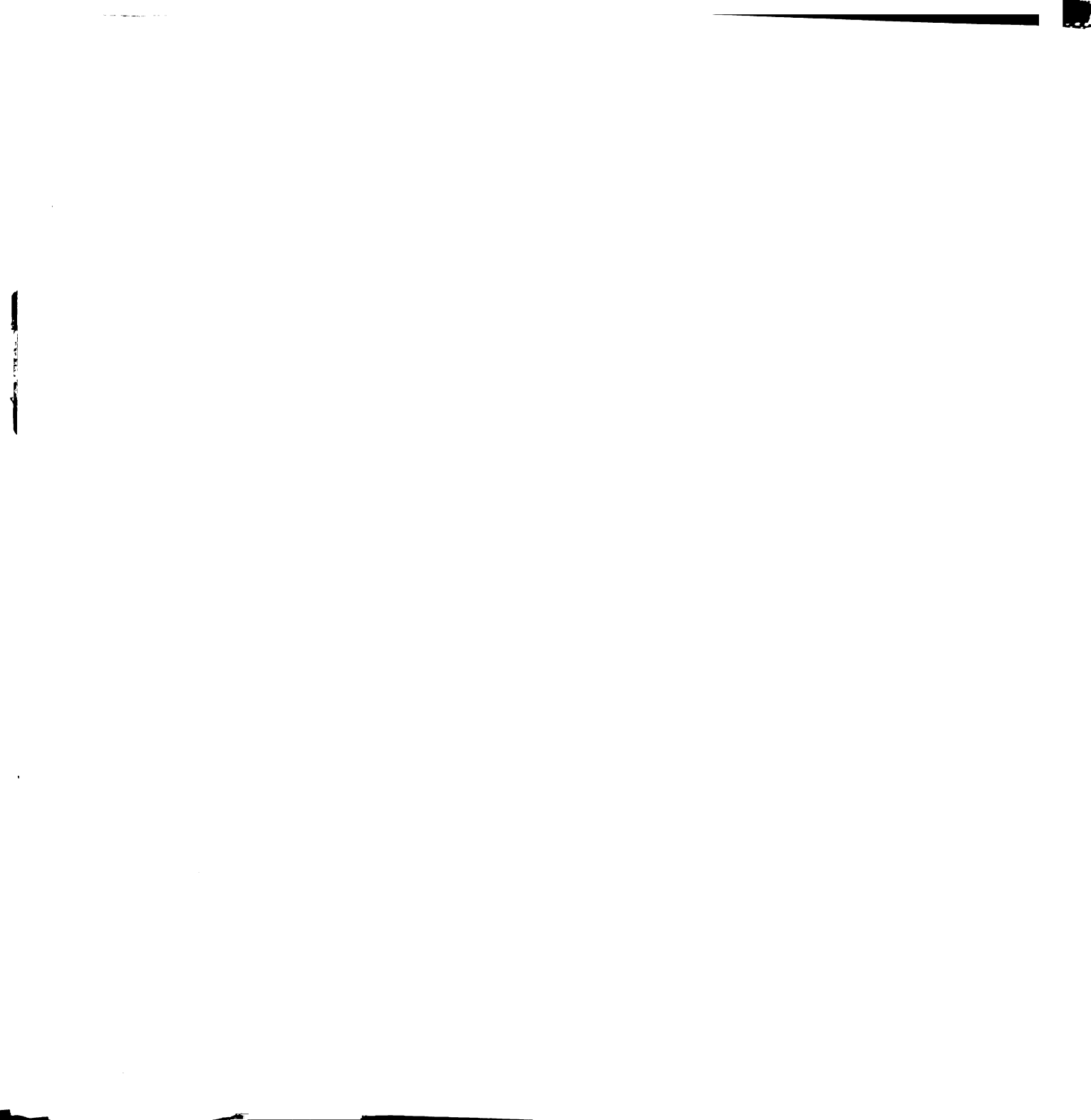
(1)

(2)

(3)

(4)

(5)



Col. 42 Was a specific charge made for the store remodeling service?

(1) yes

(2) no

Col. 43 What was the approximate amount of the charge for the service?

(1) less than \$25.00

(2) \$25.00 - \$50.00

(3) \$50.00 - \$75.00

(4) \$75.00 - \$100.00

(5) over \$100.00

Col. 44 If you were to do it over, would you use the service again?

(1) yes

(2) no

if no? why?

if no:

Col. 45 Do you think you would use the service if you were planning to do some remodeling?

(1) yes

(2) no

(3)

Site Location:

Col. 46 Do you expect to move into another store or expand to another store sometime in the future?

(1) yes

(2) no

(3)

if yes:

Col. 47 Does your wholesaler offer advisory assistance in store site selection?

(1) yes

(2) no

(3)

if yes:

Col. 48 Have you used this service?

(1) yes

(2) no (if no, skip next 4 questions)

if yes:

Col. 49 What was done for you when you used the store site selection service?

(1)

(2)

(3)

(4)

(5)

Col. 50 Was a specific charge made for the service?

(1) yes

(2) no

Col. 51 What was the approximate amount of the charge?

(1) less than \$25.00

(2) \$25.00 - \$49.00

(3) \$50.00 - \$74.00

(4) \$75.00 - \$99.00

(5) over \$100.00

Col. 52 If you were to do it over, would you use the service again?

(1) yes

(2) no

(3)

if no: why?

if no:

Col. 53 Would you use the service if you had an interest in a new site location?

(1) yes

(2) no

(3)

Finance:

Col. 54 To meet future competition, do you expect to need additional funds for remodeling or expansion?

(1) yes

(2) no

(3)

Col. 55 Does your wholesaler offer advisory assistance to retailers in need of funds?

(1) yes

(2) no (if no, skip next 5 questions)

(3)

if yes:

Col. 56 Have you used this service?

(1) yes

(2) no

if yes:

Col. 57 What was done for you in the way of financial advice or assistance?

(1)

(2)

(3)

(4)

(5)

Col. 58 Was a specific charge made for this service?

(1) yes

(2) no

Col. 59 What was the approximate amount of the charge?

(1) less than \$25.00

(2) \$25.00 - \$49.00

(3) \$50.00 - \$74.00

(4) \$75.00 - \$99.00

(5) over \$100.00

Col. 60 If you were to do it over, would you use the service again?

(1) yes

(2) no

(3)

if no? why?

if no:

Col. 61 Would you use the service if you had a need for funds in the future?

(1) yes

(2) no

(3)

Col. 62 Weekly sales volume in my store has been averaging (please fill in) _____ dollars per week recently.

Col. 63 Last school grade completed _____

Col. 64 Your present age _____

APPENDIX D

**TEXT OF THE LETTER SENT TO EACH RETAILER
PRIOR TO INTERVIEWING HIM**

SECRET

Text of the Letter Sent to Each Retailer
Prior to Interviewing Him

The Department of Agricultural Economics at Michigan State University has been very much interested for some time in the extent to which specialists hired by grocery wholesalers are being used to help or aid a food retailer in the operation of his business.

Through representatives of your wholesaling organization you have available to you specialists in various areas of retailing such as: advertising; record keeping; store operations; meat department operations; store layout; and, store site selection. The jobs these specialists do and the way they perform them will undoubtedly change in the future. In order to facilitate change that will benefit you and other retailers like you, it is helpful to know the advantages and disadvantages you have experienced in using certain of these special services.

The facilities of Michigan State University are being made available to determine the extent to which we can improve the usefulness of these special services in the future. To aid us in this evaluation, you have been scientifically selected for the purpose of studying the use of special services available through grocery wholesalers to grocers in Michigan. The results will be made available to you at the completion of the study.

Your selection for this study is based on random choice and in consequence does not reflect any particular characteristic of you or your store. The success of the research depends very much on your cooperation.

In order to obtain the necessary information, I would like to have an opportunity to speak with you concerning your use of wholesaler employed specialists. Your individual responses would not be identified to anyone except the researchers.

The interview will last about one hour. I am looking forward to meeting you very shortly. I'm sure this will be a mutually profitable experience.

Sincerely yours,

Kendall Adams
Research Technician

KA:cn

APPENDIX E

ADVERTISING SERVICE

SAMPLE A

Table 1 shows that 11 retailers agreed emphatically (selected choice #1 on the scale) with the positive statement which said the price impression of their store had been improved since using the advertising service. Of the 11, four disagreed emphatically (selected choice #5) with the negative statement which said price impression had not been improved for their store since using the advertising service; six of the 11 disagreed (selected choice #4) with the negative statement; and one of the 11 neither agreed nor disagreed. Of the 17 retailers who agreed (selected choice #2) with the positive statement, four also agreed with the negative statement. A retailer's response was considered to have been inconsistent when it varied from the pattern by more than one position on the scale. Thus, in Table 1, one of the 11 retailers who had agreed emphatically and four of the 17 who had agreed that price impression had been improved, were considered to have given inconsistent responses.

Similarly, three responses in Table 2; one response in Table 3; and, three in Table 5 were considered to be inconsistent. Thus, all retailers in sample A were not consistent in their ratings of the statements which described five possible objectives of the advertising service. Twelve of the 290 responses were considered to have been clearly inconsistent.

Table 1. Comparison of sample "A" retailers' ratings of a positive and a negative statement describing effect of advertising service on store price impression.

| Positive Statement ^a | | Negative Statement ^b | | | | | |
|---------------------------------------|-------|---------------------------------|---|---|----|---|-------|
| | | Price impression not improved | | | | | |
| | Scale | 1 | 2 | 3 | 4 | 5 | Total |
| Price impression
had been improved | 1 | | | 1 | 6 | 4 | 11 |
| | 2 | | 4 | 1 | 10 | 2 | 17 |
| | 3 | | | | 1 | | 1 |
| | 4 | | | | | | -- |
| | 5 | | | | | | -- |
| TOTAL | | -- | 4 | 2 | 17 | 6 | 29 |

^aAs a result of using the advertising aids provided by the wholesaler, I definitely feel that the consumers' price impression of my store has been improved over what it would be otherwise.

^bI definitely feel that the consumers' price impression of my store has not been improved as a result of using the various advertising aids.

Table 2. Comparison of sample "A" retailers' ratings of a positive and a negative statement describing effect of advertising service on amount of money spent on advertising.

| Positive statement ^a | | Negative statement ^b | | | | | |
|---------------------------------|-------|---------------------------------|---|---|----|----|-------|
| | | Spending more dollars | | | | | |
| | Scale | 1 | 2 | 3 | 4 | 5 | Total |
| Spending fewer dollars | 1 | | | 1 | 2 | 8 | 11 |
| | 2 | | | | 6 | 3 | 9 |
| | 3 | | | 1 | 2 | | 3 |
| | 4 | | 4 | | 1 | | 5 |
| | 5 | | | | 1 | | 1 |
| TOTAL | | -- | 4 | 2 | 12 | 11 | 29 |

^aAs a result of using the advertising aids, I believe I am definitely spending fewer dollars on advertising than I would otherwise.

^bI definitely believe I am spending more dollars on advertising as a result of using the various advertising aids than I would otherwise.

Table 3. Comparison of sample "A" retailers' ratings of a positive and a negative statement describing effect of advertising service on amount of retailers' time spent on advertising.

| Positive statement ^a | | Negative statement ^b | | | | | |
|---------------------------------|-------|---------------------------------|----|---|----|----|-------|
| | | Time not saved | | | | | |
| | Scale | 1 | 2 | 3 | 4 | 5 | Total |
| Time saved | 1 | | | | 5 | 15 | 20 |
| | 2 | | | 1 | 7 | | 8 |
| | 3 | | | | | 1 | 1 |
| | 4 | | | | | | -- |
| | 5 | | | | | | -- |
| TOTAL | | -- | -- | 1 | 12 | 16 | 29 |

^aUsing the advertising aids definitely saves me time compared to the amount of time I would use on advertising otherwise.

^bI definitely believe I spend more time on advertising as a result of using the advertising aids than I would otherwise.

Table 4. Comparison of sample 'A' retailers' ratings of a positive and a negative statement describing effect of advertising service on return on advertising dollar spent by the retailer.

| Positive statement ^a | | Negative statement ^b | | | | | |
|---------------------------------|-------|---------------------------------|---|---|----|----|-------|
| | | Decreased return | | | | | |
| | Scale | 1 | 2 | 3 | 4 | 5 | Total |
| Increased return | 1 | | | | 9 | 7 | 16 |
| | 2 | | | | 8 | 3 | 11 |
| | 3 | | | | 1 | | 1 |
| | 4 | | | 1 | | | 1 |
| | 5 | | | | | | - |
| TOTAL | | | | 1 | 18 | 10 | 29 |

^aBy using the advertising aids, I believe I definitely get more for my advertising dollar than I would otherwise.

^bI definitely believe I get less for my advertising dollar since using the various advertising aids than I would otherwise.

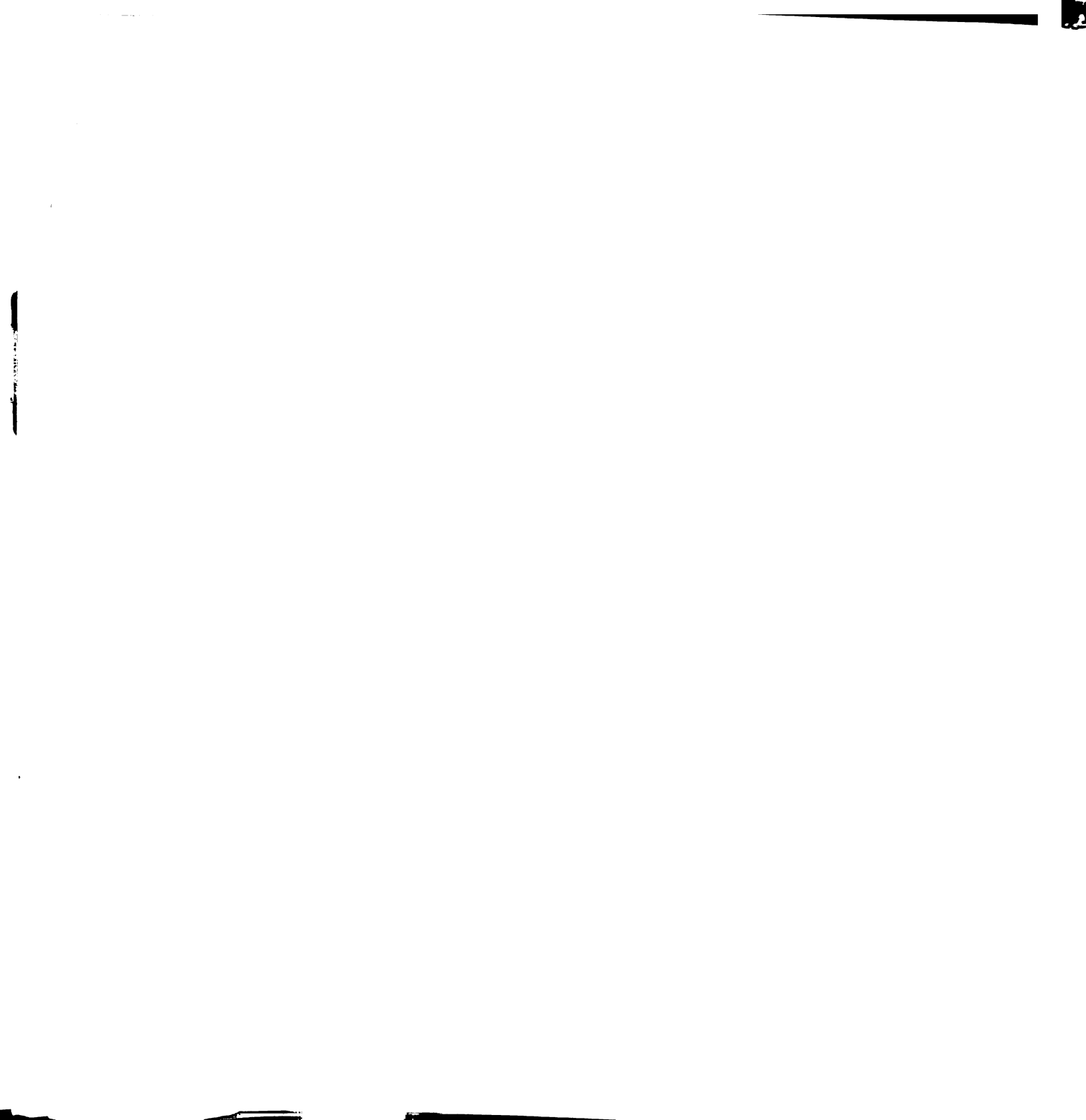


Table 5. Comparison of sample 'A' retailers' ratings of a positive and a negative statement describing effect of advertising service on the assortment of items advertised by the retailer.

| Positive statement ^a | | Negative statement ^b | | | | | |
|---------------------------------|-------|---------------------------------|---|----|----|---|-------|
| | | Assortment not improved | | | | | |
| | Scale | 1 | 2 | 3 | 4 | 5 | Total |
| Assortment improved | 1 | | | | 5 | 3 | 8 |
| | 2 | | 1 | | 12 | 2 | 15 |
| | 3 | | | 2 | 2 | 1 | 5 |
| | 4 | | | | 1 | | 1 |
| | 5 | | | | | | -- |
| TOTAL | | 1 | 2 | 20 | 6 | | 29 |

^aAs a result of using the advertising aids, I believe I definitely advertise a better selection of items than I would otherwise.

^bI definitely believe the selection of items I advertise has not improved as a result of using the various advertising aids.

APPENDIX F

MEAT WHOLESALING SERVICE

Table 6 shows three and Table 8 shows two of the 26 retailers deviated by more than one position when rating statements about beef price and quality. One of the 26 retailers deviated by more than one position when rating the statements concerning time saving resulting from use of the meat wholesaling service as shown in Table 7.

Table 6. Comparison of sample "A" retailers' ratings of a positive and a negative statement describing purchase price of beef purchased from the meat wholesaling service of firm "A."

| Positive statement ^a | | Negative statement ^b | | | | | |
|---------------------------------|-------|---------------------------------|---|---|---|---|-------|
| | | Price not lower | | | | | |
| | Scale | 1 | 2 | 3 | 4 | 5 | Total |
| Price lower | 1 | | 1 | 1 | 2 | 4 | 8 |
| | 2 | | 1 | 2 | 7 | 2 | 12 |
| | 3 | | 1 | 1 | | | 2 |
| | 4 | | 4 | | | | 4 |
| | 5 | | | | | | 0 |
| TOTAL | | 0 | 7 | 4 | 9 | 6 | 26 |

^aBy participating in the meat program, I can buy the same quality beef for a lower price than I could otherwise.

^bThe price I pay for beef bought through the meat program is not any lower than I would pay otherwise for the same quality.

Table 7. Comparison of sample 'A' retailers' ratings of a positive and a negative statement describing time saved as a result of participating in the meat wholesaling service of firm 'A.'

| Positive statement ^a | | Negative statement ^b | | | | | |
|---------------------------------|-------|---------------------------------|---|---|----|---|-------|
| | | Time not saved | | | | | |
| | Scale | 1 | 2 | 3 | 4 | 5 | Total |
| Time saved | 1 | 1 | | | 5 | 8 | 14 |
| | 2 | | | | 7 | | 7 |
| | 3 | | 2 | 1 | | | 3 |
| | 4 | | 2 | | | | 2 |
| | 5 | | | | | | 0 |
| TOTAL | | 1 | 4 | 1 | 12 | 8 | 26 |

^aBecause of participating in the meat program, time is saved which would otherwise be used talking to packers' salesmen.

^bConsidering the ordering and other procedures I must follow, I do not save time by buying through the meat program.

Table 8. Comparison of sample "A" retailers' ratings of a positive and a negative statement describing quality of beef purchased from the meat wholesaling service of firm 'A.'

| Positive statement ^a | | Negative statement ^b | | | | | |
|---------------------------------|-------|---------------------------------|---|---|----|----|-------|
| | | Quality not better | | | | | |
| | Scale | 1 | 2 | 3 | 4 | 5 | Total |
| Quality better | 1 | | | | 1 | 8 | 9 |
| | 2 | | 2 | 1 | 10 | 2 | 15 |
| | 3 | | | | | | 0 |
| | 4 | | 1 | | | | 1 |
| | 5 | | 1 | | | | 1 |
| TOTAL | | 0 | 4 | 1 | 11 | 10 | 26 |

^aBy participating in the meat program, I can buy a better quality beef for a given price than I could otherwise.

^bThe quality of beef I buy through the meat program is not any better than I could buy otherwise for a comparable price.

APPENDIX G

ADVERTISING SERVICE

SAMPLE B

Table 9. Comparison of sample "B" retailers' ratings of a positive and a negative statement describing effect of advertising service on store price impression.

| | Positive statement ^a | Negative statement ^b | | | | | |
|------------------------------------|---------------------------------|---------------------------------|---|---|----|---|-------|
| | | Price impression not improved | | | | | |
| | Scale | 1 | 2 | 3 | 4 | 5 | Total |
| Price impression has been improved | 1 | | 1 | 1 | 3 | 5 | 10 |
| | 2 | | | 2 | 9 | 1 | 12 |
| | 3 | | 1 | 1 | | | 2 |
| | 4 | | | | | | 0 |
| | 5 | 1 | | | | | 1 |
| TOTAL | | 1 | 2 | 4 | 12 | 6 | 25 |

^aAs a result of using the advertising aids provided by the wholesaler, I definitely feel that the consumers' price impression of my store has been improved over what it would be otherwise.

^bI definitely feel that the consumers' price impression of my store has not improved as a result of using the various advertising aids.

The results in Table 9 indicate that two retailers gave inconsistent answers. The two had emphatically agreed with the positive statement that price impression had improved as a result of using the advertising service while one also agreed that price impression had not improved and the other retailer was noncommittal.

The results shown in Table 10 indicated that four retailers gave inconsistent answers. Three of the four agreed

with both the positive and negative statements concerning the amount spent on advertising. One disagreed that he was spending more on advertising and also disagreed that he was spending less. Similar comparisons indicated that inconsistencies did not exist in any of the three remaining sets of positive and negative statements. Therefore, it was assumed that the retailers' responses could be considered valid except for the six inconsistent answers mentioned. The assumption implies that the retailers, in general, answered the statements truthfully. The assumption does not imply that the statements were necessarily meaningful.

Table 10. Comparison of sample "B" retailers' ratings of a positive and a negative statement describing effect of the advertising service on the amount of money each retailer spends on advertising.

| Positive statement ^a | | Negative statement ^b | | | | | |
|---------------------------------|-------|---------------------------------|---|---|----|---|-------|
| | | Spending more dollars | | | | | Total |
| | Scale | 1 | 2 | 3 | 4 | 5 | |
| Spending fewer dollars | 1 | | 1 | | 6 | 7 | 14 |
| | 2 | | 2 | | 5 | | 7 |
| | 3 | | | 1 | | | 1 |
| | 4 | 2 | | | 1 | | 3 |
| | 5 | | | | | | 0 |
| TOTAL | | 2 | 3 | 1 | 12 | 7 | 25 |

Table 10.--Continued.

^aAs a result of using the advertising aids, I believe I am definitely spending fewer dollars on advertising than I would otherwise.

^bI definitely believe I am spending more dollars on advertising as a result of using the various advertising aids than I would otherwise.

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