THE Grocers' Association THE FOOD DEALER "The Magazine for the Michigan Food Market" DECEMBER, 1973

Enterprise Resists Mono

ASSOCIATED FOOD DEALERS



Ray Martyniak, 1973

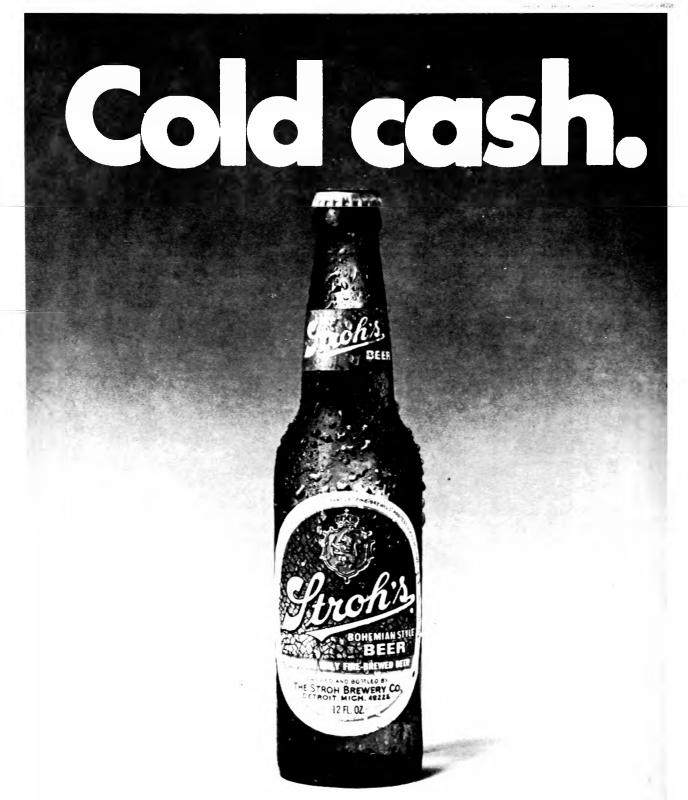


Phil Lauri, 1974 -?

Phil Lauri New AFD President

Under the direction and leadership of Ray Martyniak of Ray's Prime Meat Markets, the AFD continued its growth both in size, stature and accomplishments. In 1974, the president's gavel is turned over to Phil Lauri of Lauri Bros. Super Market, who promises to keep the AFD on the move.

Year in Review – Page 3



If you re a beer drinker, you want it ice cold. But if you re a beer seller, you want it red hot. Because a red hot seller is the kind of item that makes a man a success in the beer business. In the last 4 years Stroh's sales are up over 60%. At that rate, it's one of the hottest cold beers around.

From one beer lover to another.



YOUR ASSOCIATION AT WORK

Review of AFD Involvement, Action Programs

The following is a year-end-review of the numerous major action programs, projects and involvement of the Associated Food Dealers during 1973. It also includes some of the major developments which occured in, and affected, our industry. This report was compiled by AFD president Ray Martyniak and executive director Edward Deeb.

JANUARY

The year began with President Nixon announcing the implementation of Phase 3 of the Economic Stabilization Program, which basically the same as Phase 2 the President also named Lewis Engman, a Grand Rapids attorney, as chairman of the Federal Trade Commission.

AFD participated in a meeting with freezer meat retailers to discuss S. B. 964 requiring retailers selling by primal cuts and carcass weight itemizing statements relative to cuts and quantity, with Mich. Dept. of Agriculture officials attending. State of Michigan makes a decision that it would definitely begin providing ID cards with photos to welfare aid recipients, and AFD praises the move Spartan Stores, Inc. announces the sale of its Grand Rapids warehouse, and plans to build a new Grand Rapids distribution center

Chatham Super Markets announced it had purchased the Detroit Shopping News Detroit Coca-Cola acquires Ann Arbor Coca-Cola during this month.

DAGMR's Inaugural Ball was held Jan. 20 with Lou Brown of Better Made Potato Chips installed as president John Kimball was elected president of the Detroit Food Brokers Association. The AFD met with representatives of the Michigan Dept. of Agriculture to review Michigan's meat standards.

FEBRUARY

Raymond Martyniak of Ray's Prime Meat Stores was elected the new president of the AFD, succeeding Allen Verbrugge of Verbrugge's Market. The following new directors were elected: Stan Albus of Stan's Markets; George Byrd, Byrd House of Meats; and Gary Wing of Fisher's Food Markets.

Conducted the Associated Food Dealers' 8th Annual "Grocers Week in Michigan," a statewide promotion sponsored by the AFD in behalf of the food industry Gov. William Milliken issued a proclamation to that effect, as did most of the Mayors of Michigan cities. Highlight of the week-long celebration was AFD's 57th Annual Food Trade Dinner, held Feb. 20 at the Raleigh House with over 1,300 persons on hand. Featured speaker was AFD's Harvey Weisberg of Chatham Super Markets who outlined rising food prices and pointed out actions the industry needed to take to offset them. Mich. Rep. Frank Wierzbicki duly installed the officers and directors Howard Ferguson was named new general manager of Wrigley Super Markets Meijer's Super Markets, Grand Rapids, announced it would build a new 500,000 square-foot mechanized warehouse using the SI Handling Systems gravity-feed equipment, in Lansing.

AFD's Ed Deeb addressed the PTA at Bennett School, Detroit, on the food industry and consumer information he later appeared on WXYZ-TV7 and WJBK-TV2 to discuss the affects of the sale of wheat to Russia and how it affected supply and demand conditions at home The Detroit News printed a feature story on future innovations of the food industry in cooperation with AFD's Grocers Week promotion... The AFD executive director addressed the Kiwanis Club of Northwest Detroit.

Borman's Inc., operator of Farmer Jack stores, was accused by a Wayne County grand jury, along with a judge, a state senator and a beer salesman, of having bribed a Michigan Liquor Control Commissioner to get liquor licenses; later in the year, Borman's was cleared of the charges in an appeal of the case United and Twin Pines Dairies merged and consolidated operations into United-Twin Pines.

MARCH

AFD hosted Legislators and other government officials at the association's Annual Evening With the Legislators in Lansing. Over 110 persons attended AFD met with representatives of the Detroit Police Dept's 5th precinct to help launch BUOY-5, or Business United with Officers and Youth . Ed Deeb appeared as a panelist during Michigan Beer & Wine Wholesalers Assn. convention . AFD calls on the Liquor Control Commission to maintain a 33 1/3 minimum markup on wines and the continuation of special case deals, as well as increase liquor markups to retailers at a Lansing meeting.

AFD met with Mich. Dept. of Agriculture officials, and those of other trade associations, to discuss an annual promotion of Michigan products S&G Grocer Co. opened its new offices and warehouse on Clark St., Detroit. AFD met with representatives of the Michigan Restaurant Association, and the Greater Detroit Chamber of Commerce to discuss an industry response to inflation charges against the food industry.

APRIL

The Cost of Living Council places a ceiling on meat prices, which later proved costly to food distributors Consumers hold national one-week boycott of meats in U. S., April 1–6. AFD said boycott would be "self-defeating," and urged natural supply-demand conditions take over City of Ann Arbor passes ordinance setting mandatory deposits on all soft drink and beer containers; several organizations and companies, including AFD, protested the law, which later went to court and a decision still pending.

The AFD opposed the price survey proposed by FTC on the grounds it was a duplication of effort with other government agencies, the number of samples not enough for fair crosssampling, and use of so-called "similar items"

AFD inaugurates a Group Unemployment Tax Control Service, exclusive to AFD members, in corporation with Reed, Roberts Associates, at group rates the industry was saddened by the passing of Jack Fink of Great Scott, and Joe Kron of Borman's this month City of Troy detains action on proposed ban of oneway containers in that city, with several merchants and organizations on hand, including AFD.

The AFD, along with representatives of the major food chains, met in Washington at a special meeting of the Pay Board to appeal Amalgamated Meatcutters, Local 539, pay increase as inflationary and exceeded guidelines. Later, the chains got some relief to be applied to first segment of the next contract The AFD met with the Mich. Liquor Control Commission and called for an end to delays in license transfers, permit remodeling without lengthy approval delays, permit beer and wine outlets to exchange damaged merchandise and called for an increase of retail liquor markups; AFD's Phil Lauri and Ed Deeb made the presentation.

AFD's Tom Violanti and Ed Deeb journed to Western Michigan University, Kalamazoo, where they addressed the food distribution class there and met with Bill Haynes and Dick Nesich Deeb was interviewed by WXYZ-TV7's Doris Biscoe concerning the affect of the meat shortage on the industry AFD's Richard Allen of Allen's Super Markets and Ed Deeb were panelists at a student forum held at West Bloomfield High School regarding the meat situation Harntown Foods announced that many of its products were going Kosher at a news luncheon AFD met with officials of the IRS to review regulations governing the price freeze.

MAY

The AFD opposed the lettuce boycott in a letter to John Cardinal Dearden of the Catholic Archdiocese, and said the church's

(Continued on Page 7)

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AFD Statement At Governor's Consumer Conference

Editor's Note – The following is the text of the address given by Associated Food Dealers' executive director, Edward Deeb, before the Governor's Consumer Conference held recently in Lansing.

We of the Associated Food dealers and our over 2,500 members feel public communications is a good thing. We have been vitally interested in fulfilling the needs of consumers, being especially sensitive to the needs of the marketplace in the past few years. I hope you will agree, as I will attempt to point out today.

The objective of this panel, "Basic Needs: Food," is to relate to various factors concerning businessmen engaged in the distribution of food, as cost, quality, availability and wholesomeness. I will also touch on items as market and crop conditions, product availability, operations within our industry and the supermarket, some of the problems we encounter in day-to-day activity, and future innovations you should watch for.

The business community, and the food industry in particular, is not sitting idly by so far as consumer interests are concerned. Nor are we ignoring the consumer, as some would have you believe.

We have been, and are presently concerned, with satisfying the different needs, tastes and preferences, demanded by the consuming public. We are equally concerned with the disadvantages in their quest for basic food and nutrition, while at the same time meeting the demands of the more affluent who are expressing more interest in the convenience-type or ready-to-serve foods.

Distributions and Operations. The food industry is a complex one involving a wide segment of the labor force from the farmer to the retailer. It is not an easy task handling and ordering an average of 8,000 items sold in the average supermarket, seeing to it that distribution flow

is functioning smoothly off the trucks and railcars, then within the warehouse itself, and then back on the trucks again to the stores, and finally within the stores themselves. While at the same time. 38,000 other items are competing for shelf space in the stores.

Unfortunately, though we are the largest industry in the land, we are not very profitable as an industry. Any good stockbroker will attest to this. In 1971, the average supermarket netted profits of .86 of one percent after all expenses and payroll were deducted from sales. Last year the profits were down to .56 of one percent. And so far this year, net profits have dwindled to .42 of one percent, and still falling. This is not healthy.

The reasons for the drop in profits are many. Government controls prevented wholesalers and retailers from passing on legitimate cost increases. Labor cost have also increased, while the general cost of doing business has increased, including rents, insurance, etc.

And despite inflation and rising prices, we are proud of the fact that consumers today still pay-on the average-only about 16 cents of each dollar earned after taxes for food. The main reason for this is that, in Michigan we are very fortunate to have healthy competition between various food chains and independent stores. If you doubt that food is still a value in this State, where we pay among the lowest price for food than any other state, consider for a moment that about 30 cents of each dollar you spend in a food stores goes for non-food items, as health-and-beauty aids, household supplies, tobacco products, alcoholic beverages, and so on.

Availability and Shortages. Access to food in Michigan is, for the most part, quite convenient. In the Detroit area, on any major corner you can readily find at least four units of various chains competing with each other, not counting the several independent (Continued on Page 9)

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<u>OFF THE DEEB END</u>

EDWARD DEEB

On Trading Stamps

Although Detroit is known as a tough, cut-throat and highly competitive food marketing area, there was a time when trading stamps flourished in the Motor City

Recently in Michigan three important items occurred regarding trading stamps which may signal some activity in the very near future. Namely, Kroger discontinued issuing Top Value stamps . Vescio added S&H green stamps in 17 of its stores and Borman's again began issuing S&H stamps, in its Brighton Farmer Jack store.

In addition, several key independent stores have recently added stamps in central and western Michigan.

With the majority of Detroit food markets involved in a discount marketing philosophy, it's almost hard to believe that at one time all of the major food chains issued trading stamps at one time or another.

Further, while stamps may not be so popular in the Detroit area, in outstate Michigan and in most parts of the nation, trading stamps still retain a good percentage of consumer popularity.

One wonders, with the latest activity involving stamps, if the wheel may have turned once again, and that perhaps trading stamps may be on the way back in our state.

The big battle for the food buck began gradually, when, one by one, the chains converted to discounting in an effort to capture customers by offering lower prices, eliminating the stamp costs.

After a while, you begin to realize that there is only so much volume which can be had, and, after knocking heads for a few years, someone may decide to offer something "different" again, like trading stamps.

An overnight change in marketing philosophies is certainly not predicted, but it will indeed be interesting to watch what happens.

YEAR IN REVIEW

(Continued from Page 3)

"endorsement had a major impact on food distributors, while placing us in an unfair light." AFD said retailers were innocent bystanders and do not wish to either stand judgement on the competing unions, or desire undue and unfair pressures City Poultry acquires Loewenstein Poultry & Game

National Association of Food Chain's Clarence Adamy was featured speaker at a Food Systems Economic and Management Program at Michigan State University. Adamy touched on the energy crisis and its impact on the food industry AFD finalized plans for its group travel tour to Acapulco for Oct. 8-15 DAGMR luncheon hosts officials of Farmer Jack at Vladimir's

AFD participated in a meeting with officials of the Michigan Department of Labor and other industry and union representations regarding the issue of employing youth AFD met with officials of the Michigan Council for Convenience Packaging and beverage and container firm representatives to discuss Ann Arbor's container law AFD later testified at an Ann Arbor hearing regarding that city's move to ban one-way containers as being "discriminatory and unfair to businessmen"

Pepsi-Cola hosted a dinner to honor various retailers for outstanding beverage performance and merchandising.

JUNE

AFD hosted a Labor Seminar at Stouffer's Restaurant, Northland, the theme being "The Employer's and Employee's Rights Under the Labor Laws," and featuring labor expert Edwin Ricker During the week of June 6-13 four top level changes occured at Detroit Supermarket chains: Arnold Foster resigned as president of Allied, Dave Wallington resigned as president of Farmer Jack, William Horowitz resigned his vice-president post at Great Scott (and laterjoined Farmer Jack), and Gar McDade. the general manager of A&P's Detroit division was transferred to the firm's Jacksonville. Fladivision. DAGMR hosted a golf outing at Glen Oaks June 6 Gov. William Milliken signed into law a measure providing tax relief to both individuals and businesses. amounting to S380 million in tax relief. including a 25% inventory tax relief Joseph Foy. retiring chairman of Spartan Stores. was honored by a testimonial dinner in Grand Rapids at the Cascade Country Club: over 150 attended with 10 industry leaders proposing special toasts to Foy, as he was presented with a Mark IV auto

AFD met with officials of the Michigan State Fair to discuss methods for increasing industry participation and fair attendance AFD's Ed Deeb addressed the Hi-12 Masonic Service Club in Southfield, and was interviewed on WDEE radio regarding meat theft increases during the meat shortage.

JULY

Raymund Dutmers was named president and chief executive officer for Spartan Stores. succeeding Foy Reno Faoro of Jack's Country Fresh Meats was named the new president of the AFD Bowling League. succeeding Walter Dudek of Quaker Foods who moved to Arizona: Ken Revels was re-elected secretary-treasurer of the League AFD's Annual Beverage Survey appeared in our newsletter. The Food-A-Gram AFD met with officials of the Wayne County Dept. of Social Services to discuss the use of ID cards with photos and some unfair check-cashing charges in Detroit area stores Ed Deeb appeared on WWJ-TV4 and WXYZ-TV7 to explain AFD's request that President Nixon eliminate the freeze on beef.

AUGUST

AFD members Ray Shoulders of Shoulders Markets and Paul Hudson of Riversite Market, Detroit. both announced their candidacy for the post of Mayor of Detroit. AFD member Joe Wigley of Wigley Meats was the first Michigan retailer to offer horsemeat for sale at the peak of the beef shortage and did a thriving business The AFD asked President Nixon to cease exporting U. S. wheat and feed grains

(Continued on Page 10)





THE PRESIDENT'S CORNER

Meat Price Freeze Stands Out in 1973

BY RAY MARTYNIAK

This is my final column of the year. and as president of the Associated Food Dealers, all I can say is, how quick the year went by and how busy it was for food distributors.

Usually, the presidents review the year's activities in their final message. But since there is a comprehensive review of the AFD projects, involvement and activities on Page 3 of this issue of *The Food Dealer*, this will not be necessary

Looking back over the past year, two things stand out. One was the price freeze on meats which saw many processors and retailers lose money, and the other was the energy crisis and its impact on our industry

There were other elements we should mention because they too had an impact on our economy.

They include the sale of wheat to Russia and China devaluation of the U. S. dollar abroad adverse weather conditions which affected crops, and the controversy over shorter store hours.

In closing, I wish to say it was a real pleasure and honor to serve as president of the AFD. The office and responsibilities of president has brought to me a far greater understanding of our industry as well as the operations of the AFD. Not many fully realize the numerous problems we attempt to resolve on a day-to-day basis. But we're always ready to help our members.

I will be happy to turn over the presidential gavel to Phil Lauri of Lauri Bros. Super Market, whom, I am confident will continue a successful course, and remain "the voice of the industry."

At this time, I wish to thank all the officers, directors, members and friends who assisted me during this year. Especially the supplier companies who supported our events and activities. Without your help, our many successes could not have been possible.

Thank you and Happy New Year!

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MARTYNIAK

AFD's Consumer Statement

(Continued from Page 5)

and specialty stores in the area.

There are parts of Detroit property however, where availability of foods is not as it should be. I refer of course to parts of the core city where markets have been closing and leaving the city.

Many have blamed supermarket operators for the downward trend in the number of stores. This is not necessarily the case, however. I would say the primary reason more market operators are not being encouraged to move back to the center city areas is the unavailability of adequate land needed to construct the type of food store required to operate efficiently and profitably today. At the same time, private investors want the best return for what limited money is available, and this accounts for the move to develop suburban and rural areas where the real estate costs are lower, land sells cheaper and the return on investment is higher.

The Associated Food Dealers for several years now has been advocating that Detroit, for example, allocate some of the land made available through urban renewal and freeway expansion to mini-shopping centers, each containing a large supermarket, as well as a specialty meat shop, along with other types of businesses.

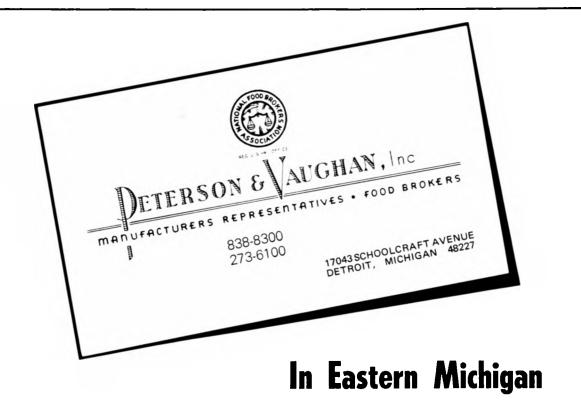
The problem of not having enough land to build the type of stores we're talking about is so bad, that in order to construct a new shopping center on Detroit's east side, the city itself recently had to make all of the arrangements and handle the financing.

And, finally, it should be pointed out that the cost of operating a store in the central city is much higher than elsewhere, because of various problems as crime the unavailability of, or high cost of insurance and reluctance of employees to work in the area. We certainly can use some assistance in this regard.

Food Costs. Although the most visible contact with food shoppers, with the least control on prices, is the retailer, the reason why prices fluctuate involves several factors. For example, the farmer and crop conditions, the processor and processing functions as handling, preparation, packaging, transportation to markets; and finally the retail outlets who act as the final clearing house through which products flow.

Basically, food prices are determined by supply, demand and costs, The President's stabilization program set out to cool inflation and

(Continued on Page 16)





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YEAR IN REVIEW

(Continued from Page 7)

until our nation's food supply improves Retail Store Employees Union, Local 876. ratified a new one-year contract with unionaffiliated chains. Horace Brown, union president, termed it the "best contract in the nation"

AFD director Tom Violante of Holiday Food Center, was a guest on the Lou Gordon Show, WKBD-TV to discuss the meat shortage... AFD's Ed Deeb appeared on WWJ Radio's Guestcall program to answer listener's question on the meat freeze Internal Revenue Service began investigating meat packers, wholesalers and retailers to determine any violations on the beef price freeze.

The U. S. Dept. of Agriculture ruled that retailers may now accept food stamps for all products for human consumption except tobacco and alcohol AFD met with Mrs. Lorraine Beebe and members of the Michigan Consumers Council to present views on the future consumer conference Ed Deeb addressed the members of both the River Side Kiwanis Club, and the Lola Valley Kiwanis Club. both of Detroit, and appeared as a guest on a WNIC Radio talk show.

SEPTEMBER

AFD hosted its ninth Annual Awards Banquet Sept. 20 at The Imperial House, Fraser. Anna Koepplinger of Koepplinger's Bakery was named the recipient of our "Man" of the Year Award: Thomas Van Tiem of the Liquor Control Commission was presented with a Distinguished Service Citation, as was *The Daily Tribune* of Royal Oak. Salesmen of the Year awards were given to Ben Shwedel of United-Twin- Pines Dairies; Ben Bagdade of Grosse Pointe Foods; Frank Endres of McMahon and McDonald: Richard King, Hiram Walker: Eugene Czajka, Kowalski Sausage Co.

AFD's Scholarship Committee announced it would raffle off a new 1974 Mark IV auto at a Dinner-Raffle planned Nov. 27, and later re-scheduled for Jan. 15, 1974 DAGMR held another Golf Outing Sept. 12 . and Ed Deeb appeared on both WWJ-TV4 and WXYZ-TV7 to present the association's views as to why the beef freeze should be lifted.

The National Live Stock and Meat Board proposed new uniform meat cuts and labeling standards for the food industry A Detroit Judge sentenced a Wrigley Super Market meat manager to serve a one-day jail term after he was convicted by the Mich. Dept. of Agriculture of having 33 improperly weighted meat packages for sale Pepsi-Cola. Michigan. ratified a new contract with its drivers and Teamsters Local 337.

Kroger's Detroit division dropped trading stamps and announced it was going into a stepped-up discounting program Detroit Coca-Cola Company acquired Wy andotte Coca-Cola . AFD's Ed Deeb and J. E. Stedman of the Food Industry Council represented the food industry at the Governor's Consumer Conference, Oct. 13, Lansing AFD Supported efforts of the Michigan Citizens Lobby in an effort to eliminate sales tax on food in Michigan.

AFD officials Tom Violante, Bill Welch and Ed Deeb met with officials of the Michigan Bankers Association to review AFD proposals to reduce bad check passing Violante and Deeb also met with members of the Legislature, Sen. Harry DeMaso, Sen. George Fitzgerald and Rep. Bobby Crim and consumer representatives to discuss the sales tax on food Deeb addressed the Federal Government Accountants Association monthly meeting, and appeared as a panelist with consumer representative Agnes Bryant and Mich. Dept. of Agriculture's G. V. Teachman to tape two radio programs for the University of Detroit.

NOVEMBER

Vescio Super Markets announced that 17 additional markets of its chain began giving S&H green stamps. according to Nick Vescio, President . AFD reiterated its position urging all food stores to return to normal store hours of 9-9, and consider closing one day per week to conserve energy.

Great Scott Super Markets cut back its

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RETAILERS WHY FUSS?

Drop Them Off or Mail To: Associated Food Dealers 434 W. Eight Mile Rd. Detroit, Mich. 48220 hours in its 50 units from midnight: later Wrigley cut hours in 31 of its 62 units from 24 hours to midnight AFD's James Sophiea. longtime friend of the AFD and our insurance coordinator, died at age 62. AFD calls for passage of Michigan House Bill 4891 to increase retail liquor mark-ups from 11¹²: percent to 15 percent AFD also met with supplier firms on the problem of growing crimes involving all food dealers who operate in, or deliver to, inner-city areas.

The Mich. Dept. of Agriculture hosted two workshops on sanitation and meat inspection Nov. 27 and Dec. 4, with the AFD participating the State Senate introduced SB 306 to provide a uniform plan for classifying wholesale and retail meat cuts, similar to that adopted by the National Live Stock and Meat Board... The State Legislature introduced and passed HB 4974 to require vendors, retailers and restaurants to post signs in their stores indicating meats sold which do not meet state standards, which Gov. Milliken later signed into law.

DECEMBER

Gus Bublitz resigned as vice-president of operations for Great Scott Members of Teamsters Local 337, warehousemen and drivers, struck the major Detroit supermarket chains Dec. 12, when they failed to reach an agreement on a new contract. Two days later, Federal Judge Thomas Thornton issued a temporary injunction ordering the 2,000 workers back to work, and mediator appointed to help resolve differences.

New guidelines for processing liquor license applications were announced by MLCC chairman Stanley Thayer Dec. 11 AFD's Annual Meeting of members was held Dec. 11 at the Holiday Inn, Ferndale . . . AFD executive director Ed Deeb was appointed to the Ferndale Vocational Education Advisory Council of Femdale High School by the Ferndale Board of Education, to provide input on its distributive education program Deeb also appeared as a panelist at an Energy Forum sponsored by The Macomb Daily newspaper and Macomb Community College, giving the food industry's views and Deeb appeared on WXYZ-TV7 to discuss the energy shortage as it affects our industry.



H U S S M A n n[®]



Strong Trend to Verticle Wall Of Meat Displays Is The Big Change In The Food Merchandising Scene For the 70's



Vertical Meat Trend Now Firmly Established

During the past two years or so, many hundreds of stores across the country have already gone to vertical merchandising throughout their entire meat departments, including fresh red meats. These trend-setting stores have been carefully watched by the retail food industry and their success is leading many more stores to set up vertical meat departments in their new and remodeled stores. The current strong demand for multi-deck cases that will maintain fresh red meat temperatures on all display levels is indicative of the strength of this growing trend throughout the industry.

Many Reasons For Verticle Meats

As one studies this new trend, it becomes evident that there are many reasons for its growing popularity. These motivating factors range all the way from the new look in meat merchandising and excellent shopper acceptance to saved floor space and greater meat and store sales. A few of these reasons are discussed below.

A New Look In Merchandising

Retailers switching to vertical fresh red meat displays have found that the store's customers are more quickly aware of the fact that a major new change in merchandising has taken place in the store than is generally true of other major changes made in the past. Having been accustomed to shopping for their fresh red meats in coffin type cases for so many years, most customers seem to be psychologically stimulated and attracted to the new, highly visible vertical wall of meats display in the new or remodeled store. Many store operators have remarked this "new look in meat merchandising" has done more to add a note of improved change and favorable customer

impact than any other single merchandising change in the past 10 years.

Excellent Shopper Acceptance

The overwhelming majority of stores already merchandising fresh red meats vertically in the new multideck cases report that most of their customers readily accept the vertical display of fresh red meats. In fact, they report that many customers feel they are being offered a bigger variety than ever before and that shopping is easier. Many attribute this favorable customer reaction to the improved visibility of meats displayed vertically and in mass multi-level fashion.

Ideal For Table Ready Meats Too

Although multi-deck and peg-bar displays of smoked and table ready meats are not new, having been so (Con'd on next page)

Published As A Profit Building Service To Our Customers

Strong Trend To Vertical Meat Merchandising (Cont'd.)

merchandised for years in many the vertical refrigerated zone. This stores, these items too are benefiting from the improved display design and superior refrigeration of the new multi deck meat cases. For example, sausages and cold cuts hung on pegbar displays are now as fully refrigerated in these new cases as if they were displayed in single deck coffin type cases. The result-better, fresher product and longer shelf life.

Increased Meat Sales Reported

Retailers, using the new Hussmann multi-deck meat cases, are practically unanimous in reporting substantially increased meat sales after converting to multi-deck meat merchandising. One prominent retailer, who remodeled the meat department in several stores with the new Hussmann multi-deckers, had this to say "We remodeled one store last year. Now we're putting in the new meat cases in three more. Our volume is way up and our handling costs are down. This new Hussmann case will pay for itself a lot quicker than we ever guessed it would."

Overall Store Sales Increase Too

The old adage 'as the meat department goes, so goes the whole store' is probably true since many retailers have reported that not only did their meat sales increase after remodeling the meat department with Hussmann multi-deckers, but the store's total sales increased as well. Whatever the specific reason, there can be little doubt that a better meat department helps the whole store attract more customers

More Flexible **MerchandisingFreedom**

Another reason for the strong current trend to vertical meat merchandising is that the new Hussmann Multi-Deckers provide far greater merchandising freedom. The entire display zone, from top to bottom and back, is evenly front to refrigerated—and meats can be stacked, racked or hung anywhere in

permits the meat manager to be more creative in setting up better meat displays that will show each product category to its best advantage and thus help build greater meat volume for the store.

Space Savings An Important Factor

With the extremely high cost of land new building construction, and retailers are more conscious than ever before of the value of each square foot of floor space. Since one foot of the new multi-deckers is equal to more than two feet of single deck coffin type cases (see per-case-foot comparison chart), the floor space savings possibilities in the meat department are tremendous.

A Bigger Meat **Department in 40%** Less Floor Space

As shown in the ''Department Comparison" chart, a store using the new multi-deckers can have a vertical meat department with 118% more cubic display capacity, 23% more square feet of display shelf area and 80% more linear feet of shelf display in 40% less floor space.

Saved Floor Space **Reduces Many** Department Costs

Not only is the meat display area occupancy cost (rent) reduced by 40% in the example given above, but other space costs chargeable to the meat department such as space heating, air conditioning, lighting, floor cleaning, etc. are also proportionately reduced as an expense for the area occupied by the meat department. This savings can more than off-set the somewhat higher cost of multi-deck cases.

Saved Floor Space Needed For Other Merchandise

The floor space saved with a multi-

deck meat department is urgently needed in most stores for an expanding variety of other merchandise and for new departments such as flowers, pharmacies, more general merchandise, etc. This is especially important in store remodelings where an ever expanding line of merchandise is putting real pressure on floor space abailability.

Shrinking Perimeter Wall Space In Larger Stores

Another important factor behind the trend to multi-deck meats is the fact that as store buildings grow larger, the amount of perimeter wall space shrinks drastically in relation to overall store size.

For example, and as shown on the next page, a store with 12,000 square feet of sales area provides a total of 340 feet of perimeter wall space, counting the rear and two side walls. When the store is doubled in size to 24,000 square feet (100% increase), the perimeter wall space is only increased by 35% to 460 feet. Since most retailers feel that the meat department must be on a perimeter wall, it becomes increasingly difficult to locate a large single deck meat department on a perimeter wall and still leave enough perimeter wall space for other departments requiring such a location. The only practical solution in many stores is the use of more multi-deck meat cases.

Planning For Tomorrow

When a decision is made on equipping a meat department in a new or remodeled store, that decision must be right for at least the next seven or eight years or for the expected amortized life of the equipment. What happens if a store decides to put in single deck cases and two years later finds the department is out-moded. This is a question many store operators are pondering. Will the trend to multi-deck cases continue? We think it will because too many factors point in that direction; a few of which have been covered in this folder

Per-Case-Foot Comparison

One Foot Of The New Multi-Decks Provides More Shelf And Cube Space Than Two Feet Of Single Deck Cases

TYPE OF CASE	GROSS CUBIC/FT. DISPLAY CAPACITY	SQ. FT. DISPLAY SHELF AREA	LINEAR FEET OF SHELF DISPLAY
SINGLE DECK	1.775	2.69	1
3-DECK (Model FHM)	6.458 (264% MORE)	5.62 (109% MORE)	3 (200% MORE)
3-DECK (Model MMS)	6.950 (290% MORE)	5.19 (93% MORE)	3 (200% MORE)

Department Comparison

New 3-Deck Meat Cases Provide 118% More Cubic Display Capacity, 23% More Shelf Area And 80% More Linear Feet Of Display In 40% Less Floor Space

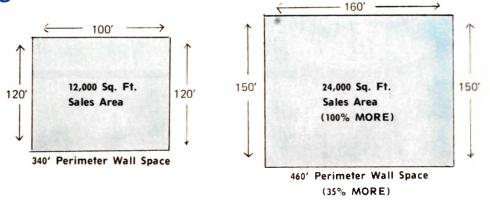
EXAMPLE DEPT.	MEAT DEPT. A.	MEAT DEPT. B.	MEAT DEPT. C.
Type of Cases	120' Single Deck	72' 3-Deck, FHM*	72' 3 Deck, MMS**
Total Gross Cubic Feet of Display Capacity	213	465 (118% MORE)	500 (135% MORE)
Total Sq. Ft. of Shelf Display Area	322	397 (23% MORE)	373 (16% MORE)
Total Linear Feet of Shelf Display	120	216 (80% MORE)	216 (80% MORE)
Total Sq. Ft. of Floor Space Occupied ***	1,637	984 (40% LESS)	1,040 (37% LESS)

*Based on new CRITERION Model FHM equipped with one row each of 16" and 18" shelves plus bottom display deck.

** Based on Model MMS equipped with one row each of 12" and 20" shelves plus bottom display deck.

***Based on floor space occupied by case itself plus 10' wide aisle in front of cases.

Shrinking Perimeter Wall Space



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More Profit Building Ideas. . . In Vertical Meat Merchandising

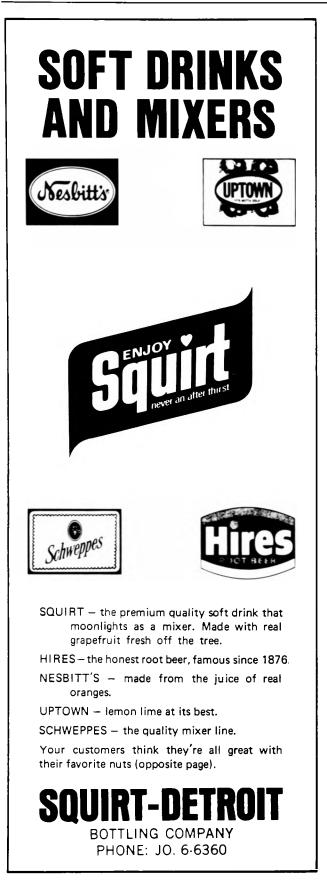
Remodeling Space Maker

This Store Replaced 60' Of Single Deck Cases With 48' Of Hussmann's New Criterion Model FHM 3-Deck And 12' Of Matching Single Deck Cases And Increased Cubic Display Capacity By 116% and Shelf Area By 78% In The Same Floor Space



BEFORE REMODELING		Gross Cubic Ft. Display Area	Square Feet Shelf Area
60' Single Deck Cases		107	161
AFTER REMODELING			
12' Single Deck Case 48' FHM 3-Deck Cases		21 <u>310</u>	32 <u>255</u>
	TOTAL	331 (116% More)	287 (78% More)
		RY PROFITABLE INVESTMEN	T LET US SHOW YOU O CAPITAL —— 398-3232





AFD Consumer Statement

(Continued from Page 9)

reduce prices, but it did not do a complete job. Let's take the recent freeze on meat prices. Natural supply-and-demand conditions would probably have taken us through that recent crucial period better than imposed government controls.

Since wholesalers and retailers were not permitted to raise prices, though cattle growers were able to, retailers and wholesalers were not very anxious to buy beef knowing in advance they would lose money. The less they purchased, the less was available, and thus, the higher the prices went. By the same token, consumers began resisting the higher beef prices and began substituting other meat products, and changing their eating habits. Cattle growers at the same time, were reluctant to release their cattle for market, if they could not receive their prices.

Since the freeze on beef was lifted, prices have dropped an average of 10 to 15 cents per pound already, but wholesalers and retailers notice a definite reluctance by consumers to resume buying normal amounts again. We predict prices will continue to drop slightly over the next couple of months.

The current crop conditions, yielded less product, and tended to also increase prices.

Quality and Wholesomeness. Today, the American food consumer is getting foods under the most sanitary conditions the world has ever seen. We of the food industry are vitally interested in improving sanitary conditions, and as this trend continues, food quality will continue to improve.

The vast majority of the food companies are hard at work trying to improve wholesomeness of their products. Michigan meat packers, Michigan dairy companies, the cereal companies, and other processors like Del Monte, for example, have already begun to provide labels showing the nutritive value of their food. As you know, this will enable consumers to compare the food values of one product against those of another. They have also been providing food recipies on the labels. All this to improve wholesomeness.

We of the Associated Food Dealers feel that improved consumer education courses in the schools will prove most beneficial to future consumers and homemakers. We urge this item become one of top priority.

Industry Problems. Although our industry has taken a keen interest in consumer problems, there are numerous other problems which affect us on a day-to-day basis, and which, in the long run, affect consumers as possible causes for increased food prices.

A. Non-uniformity of product sizes, makes handling of products more difficult and costly. Although such new developments as the Universal Product Code will help food dealers maintain better inventory, and help speed-up the checkout process, uniform sizes and packages of like products, we feel, will benefit each of us.

B. Shopping Cart Losses cost food retailers over \$1 million dollars annually. At a cost of \$40 apiece, the number of stolen carts totals over 1,000 annually, which also adds to the cost of food. Consumers can help by bringing carts back to the stores after use, or report lost or strayed carts to market managers for pick up.

C. Out-of-Stock Conditions do occasionally and legitimately occur. If it involves an item on special sale, consumers should insist that store managers give them a rain check slip to permit acquiring the product at a later date.

D. Lack of Uniform Food Inspection Standards is another of our problems. Food distributors at all levels have become frustrated over the wide variances of rules and laws between governmental food inspection agencies at the city, county, state and federal levels. We recommend uniform standards by all agencies to help provide us relief and ultimately save you, the taxpayer, money.

E. Bad Check Losses is one of the most aggrevating problems we food dealers face. Because of the competitive factor, banks are issuing checking accounts without careful screening. Issuing needed identification as an ID card with photo or guaranteeing checks up to \$50.00 would be a step in the right direction for all. Retailers cash outright over 70% of all checks, not counting those deposited into bank accounts. Yet the burden of responsibility regarding check losses is placed upon merchants and not the banks. Bankers, can, and should, immediately begin taking steps to help us curtail bad check problems.

These are only a few of the problems food dealers are confronted with every day. All of our losses ultimately are passed along to the consumer in the form of higher prices. We can no longer afford to absorb these losses.

Future Innovations. Various segments of our industry are constantly experimenting with ways to improve operating efficiency of our business, and to help eliminate bottlenecks.

A. Automated Ordering and Warehouses are already here. With electronic shelving, when a product is picked from a shelf it will immediately register in the store's warehouse, which will eliminate the need for inventories on a daily basis. Warehouses already employ elevator trucks, and other modern equipment to speed up handling at the warehouse levels.

B. Central Meat and Produce Packaging is already here which will save us time, and the consumer money in the long run. This eliminates the need for a full work staff at each store, and permits more uniformity of packages.

C. Super Stores will be the thing of the future. Giant Stores measuring over 100,000 square-feet will contain a drug store, gas station, food store, etc. all under one roof.

D. Buying through Closed Circuit Television has already been successfully tested in Europe and in the U. S. This means you will never need to leave home again to do your shopping.

E. Checkless, or money-less Society is also on the way. To the food dealer this means, that, automatically your food purchases are transferred from your account to the merchant's account, without one cent passing through anyone's hands.

In a capsule, these are merely some of the things the food industry has done is currently doing or plans on doing in the future. There's no doubt about it the future is bright indeed both for us and for you, the consumer.

We of the food industry are genuinely concerned with problems affecting our customers. We feel any implementation of new and/or costly programs should be done on a gradual basis, and voluntarily. Working together voluntarily, we can get the job done without resorting to needless or costly legislation. We have proved this in the past... and are prepared to prove it again in the future.





A complete line of the freshest nuts. Huge variety, salted and cooking variety right at the shoppers fingertips. Quality. Value. Fast service to you. Customers will be back for more, you'll be back for more. They're the perfect go-togethers with their favorite soft drinks (opposite page). Hint: we're all in business together

KAR-NUT PRODUCTS COMPANY PHONE: 564-6990 Page 17

Memo from Faygo

by MORTON FEIGENSON President



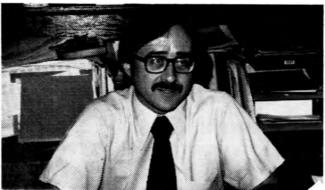
"Since 1971 our warehouse soft drink lines have moved from 25 percent to about 45 percent of our total pop sales," said Dick Moscati.

"The payoff's been substantially better over all soft drink profits." said Moscati, buyer for Niagara Frontier Services Inc., Buffalo-based corporate parent of 42 Tops Markets, 21 B-Kwik Food Markets and 10 Wilson Farm convenience stores.

"Our studies." he said "show store-door lines continuing to pull down beverage section profits. By 1975, we hope the 45 percent will be 60 percent.

"Why? Because warehouse pop is getting stronger in two areas where store-door pop is getting weaker-in store profitability and in product value for consumers.

"The better profit is definitely in warehouse pop. Just as important, our stores can retail their Hy-Top label and Faygo at retail prices that pass along distribution and handling cost savings."



RICHARD MOSCATI, BUYER, TOPS MARKETS, B-KWIK FOOD MARKETS, BUFFALO, NEW YORK

Though only 36, Moscati already has an 18-year background in the food business. He began his career with what was also the beginnings of Niagara Frontier Services.

That was in the mid-1950's. NFS has since grown from a three-store operation to one now doing a better than \$200-milliona-year volume with 73 stores in and within a 150-mile radius of Buffalo.

Moscati, who moved up to his present responsibility two years ago, said NFS's and his own philosophy for successful retailing is comprised of some very basic elements, the most basic of which is a "consumer conscience in everything we do."

"This conscience." he said. "helps keep store-door lines alive in our stores. We know our profit margins on them fall far short of being satisfactory. Even so, we could never shirk what we feel is an overriding responsibility to provide product variety to consumers."

Soft drink departments in Tops Markets average 60-feet in length. Within them, 24-foot sections are allocated to "warehouse lines only." Observing that store-door vendors "constantly fight one another." Moscati said: "Our overall soft drink profits are biggest in those stores

"Our overall soft drink profits are biggest in those stores where we have best trained store people to care for warehouse pop sections just as they care for soup, cereal and coffee sections."

NFS stores will have their best year ever this year with soft drinks. "Much of it is due to Faygo's and our Hy-Top sugar-free diet flavors." said Moscati, adding: "I never realized we could sell the volumes of diet pop we are selling now."

What about warshouse pop margins versus store-door pop margins? "With Faygo," Moscati said, "we wash out with 22 percent margins. The best we can do with store-door pop is 12 percent."



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TAX TOPICS Important Tips For Making Contributions

BY

MOE R. MILLER Tax Attorney and Accountant

The tax goals for making contributions are as follows:

1-Timing the contributions, whether in cash or property, so as to make them in the year in which they will save the most taxes.

2-Making the contributions in property which can permit a deduction for the full value of the property while avoiding any tax on the appreciation in value.

3-Obtaining a current deduction for gift of future interest. This permits the use of

the property or retention of the income while ob-

MILLER

taining an immediate deduction. 4-There are three different ceilings on the amount that is deductible by individuals as charitable contributions -20%, 30% and 50% of adjusted gross income. The applicable ceiling will depend on the donee and the form of the contribution. The planning goal is to handle contributions so as to make the most of the prescribed limits.

Suppose an individual is presently able and willing to make a large charitable contribution within the allowable ceiling amount, whether it be the 20%, 30%or 50% ceiling. He should nevertheless consider the possible additional tax savings that he might get by spreading the contribution over several years so that it can be deducted from his highest income bracket in each of those years.

Here are some ways that have been used to divide up a single large gift of property for purpose of spreading the portions as actual deductions over several years.

several years. (1) Give fractional interests in the property as follows:

If you want to spread a property contribution over two years, contribute a 50% interest in the entire property this year and the remaining 50%interest next year.

(2) Mortgage the property and gradually forgive the mortgage debt.

Have the property made subject to a mortgage or other liability to a third party, then contri-

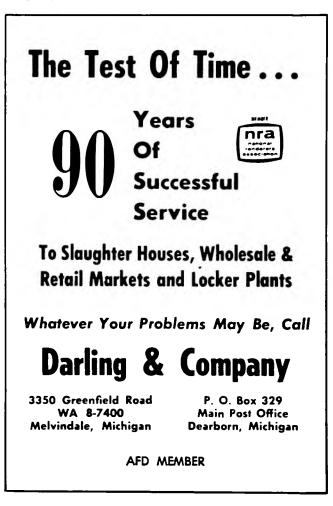
bute the entire property subject to the mortgage. If you contribute your long-term capital gain appreciated property to charity, you can take a deduction on your tax return for the full appreciated market value of the property. But you are not taxed on the difference between what the property cost and its market value when contributed. On the other hand, if you sold the property and then contributed the proceeds, you would have to pay a tax on the gain — a tax which is completely avoided by contributing the property.



The most common types of long-term capital gain property for charitable giving are stocks and bonds. But the tax break is not limited to them. It's available, subject to various limitations, for any capital assets and for any real or depreciable business assets that would result in capital gain if sold.

The chief advantage of making contributions in long-term stocks or bonds is that there are no ifs and buts about the amount of contribution.

If the property contributed would have produced all ordinary income or all short-term capital gain on sale, the Code describes the amount of the contribution deduction as the fair market value of the property less the gain that would have been taxable as ordinary on a sale. In effect, this generally means that the amount of the deduction is the cost basis of the property where a sale would result in all ordinary income or all short-term capital gain. This should generally eliminate the need for valuing the appreciated property and subtracting the gain. The potential ordinary income portion of the value of the property isn't deductible at all.



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At Del Monte we have always felt the job is just half done with our sale to you. The other half is selling DEL MONTE to your customers: Annual storewide and product promotions, special display materials for just about any kind of DEL MONTE promotion you might choose to run and all backed by over fifty-five years of continuous advertising. Important reasons why we're the world's largest selling brand of canned fruits and vegetables. If you want some extra sales action, get in touch with your Del Monte Representative.



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AFD Coming Events

Feb. 17-23, 1974 – "Grocers Week in Michigan," AFD's highly successful statewide promotion in behalf of Michigan's food merchants and food industry. Mark your calendar so your store or company will plan to tie-in with the big event.

Feb. 19, 1974 - AFD's Annual Food Trade Dinner and installation of officers to be held at the Raleigh House, Southfield. This is the high-light of Grocers Week and the industry's big social event of the year. (Companies interested in sponsoring portions of the banquet, or placing an advertisement in the program issue of the Food Dealer magazine, or banquet tickets, are invited to contact the association.)

ASSOCIATED FOOD DEALERS

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