New York market.

As for food shopping, which is about as basic and close to the heart as shopping gets: "New Yorkers get the worst of both worlds," says Travis Plunkett of the New York Public Interest Research Group. "They get smaller stores with higher prices and nastier employees. Anyone who's spent any time outside the city at all knows what they're missing.

It's not that everyone wants to do all their food shopping in a store with aisles as wide as Broadway, or expects prices to fall to suburban levels; what New York's long-suffering shoppers seem to be saying is that they would simply like a taste of modern times.

The state of the local supermarket industry is in large measure a byproduct of the city's peculiar geographic and political economies. The cramped verticality of life here necessarily means small stores with limited display and storage space, not to mention small apartments with hardly any storage space at all. And everybody is very, very rude."

Still, at a time of rapid evolution in the way Americans, and even New Yorkers, shop for all manner of things, the city's supermarket scene has remained remarkably resistant to change. Across the nation, stores of all kinds are becoming larger, more comprehensive, more economy-sized. In the last several years, the so-called superstores -- specializing in everything from housewares to books and records to computer products -- have begun to crack the New York market.

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The state of the local supermarket industry is in large measure a byproduct of the city's peculiar geographic and political economies. The cramped verticality of life here necessarily means small stores with limited display and storage space, not to mention small apartments with hardly any storage space at all. And recent efforts to bring in big chain supermarkets have met with stiff opposition from politically powerful small-business groups.

Now, though, the supermarket landscape could be on the verge of significant change. The city's economic woes have left consumers ever more eager for superstore bargains. Conscious of a growing demand, several chains have said they are eager to open new stores, and the Giuliani administration is considering a zoning change designed to attract large stores to formerly industrial areas.

Even in this climate of change, though, "New York consumers are not in an enviable position," says Doug McAuley, a Chicago-based consumer-products specialist with Gemini Consulting, a management-consulting firm. "The real question is whether New York will go along with the changes or not. They may just raise prices even higher."
WEDGED IN AND PILED UP

They're small and cramped. They often look dirty. But just how small, cramped and dirty?

Stores in the city are inspected for health-code violations by the State Department of Agriculture and Markets. According to The Times's analysis of state records, 53 percent of the city's supermarkets fail their inspections on the first round. While most pass upon re-inspection, the state says, 12 percent are in violation at any given time, compared with 8 percent for the entire state.

And that's just the stores that get inspected; with only 57 inspectors and three supervisors checking more than 16,000 sites for things like rodent infestation and mishandled meat, some markets haven't been checked in two years, said Gerald Moore, a department spokesman.

As for size, the average American supermarket covers 35,000 square feet, according to the Food Marketing Institute, a national trade association. The typical New York City market covers 5,000 to 10,000. And while four shopping carts can easily move through the aisles at an average-sized suburban market, an A & P in the Westchester County community of Bronxville, The informal store survey, which was not designed to be a statistically valid sample of the entire city, found that bodegas' aisles were an average of just over two carts wide, while the chain stores' aisles were about a cart wider; the independents fell in between. More than a third of the stores had piles of boxes, and in some cases stock wagons, in the aisles.

Indeed, the New York supermarket's ability to wedge things in and pile them up draws praise from some quarters.

"The New York City food retailing sector has adapted itself to the unique economic circumstances of New York," says Edward McLaughlin, a professor of food marketing at Cornell University. "They have skillfully managed to sell a remarkable array of products in a very small space."

Still, with so little space, New York City supermarkets don't offer the variety that many suburban stores can. The typical American supermarket displays 40,000 to 60,000 items; the average New York City supermarket has perhaps one-tenth that number.

By and large, the city's supermarkets come in three forms. There is the regional chain store, represented by Waldbaum's, Pathmark and A & P. There are the local chains, like Sloan's, Gristede's (recently acquired by the Sloan's parent company, Red Apple) and D'Agostino. And then there are the independents, the vast majority of city supermarkets, which might share a name like Key Food or Associated, but are owned by individuals. Filling in across the city are neighborhood convenience stores, delicatessens and bodegas.

What the city has few of is big supermarkets. This is largely the legacy of the 1960's and 70's, when some of the regional chains followed the stream of middle-class whites out of the city, and especially the boroughs outside Manhattan. In recent years, the chains that have made overtures about returning say they have found themselves stymied by a lack of suitable real estate and cumbersome zoning laws.

According to The Times's analysis, the poorest quarter of the city's community districts had roughly 1.5 chain stores for every 100,000 people. In the areas that ranked in the top quarter economically, there were a little over 7 per 100,000 people. At the same time, the poorest quarter had 8.4 independent stores, compared with 3.4 in the wealthiest neighborhoods.

The chains argue that things would become easier if City Hall decides to eliminate a zoning restriction that has discouraged many large stores. Right now, a commercial developer needs a special permit to build in an industrial area -- practically the only place for a store of 30,000 square feet or more. The application process, which requires an environmental-impact statement and a variety of hearings, can take two years or more.

"It's a lot of rigamarole," says Barry Dinerstein, a planner for the City Planning Department.

The desire for big stores seems strongest in the poorer neighborhoods, which are dominated by small independent markets. The most vociferous, and potent, opponents of the big stores, and of efforts to loosen the zoning restrictions, are associations of small-business owners, many of whom run the independents. Even as residents in many neighborhoods press for the big stores, the small-store owners argue that they are more responsive to local needs.

"The chains can never adapt fast enough to changes in the neighborhoods," said Al Rodriguez, who owns two Associated stores and is a spokesman for the National Supermarket Association, a mainly Hispanic storeowners' group. "No one gives the customer the service we give."

Changing the zoning "will create a shopping-center effect, which we have seen in the suburbs," argues Richard Lipsky, president of the Neighborhood Small Business Association, founded a year ago to battle supermarkets like the Home Depot that recently opened near Aqueduct Racetrack in Queens.

Whether big stores are necessarily better is also a matter of considerable debate. Their critics point out that their prices tend to be higher for national name brand products. But supporters of the big stores point out that they do offer a greater choice across price lines.

"The large stores have a lot of shelf space, so they have the ability to have a generic, a house brand and a national brand for a given item, and they can have different sizes," said Mr. Dinerstein. "You may be able to save money that way."

Adds Harvey M. Gutman, a senior vice president at Pathmark Stores Inc., which has 16 stores in the city and is trying to build a new one on 125th Street in Harlem, "People in the city should have the choice to shop as most other residents of the United States shop, or not."

THE PRICE FREEZE

What is clear, however, is that the lack of space and the high cost of labor, rent and distribution in New York have created a floor below which grocery prices are unlikely to fall, no matter how big the store. While huge warehouse clubs and other discounters around the country are forcing supermarkets to lower their prices, prices in New York have remained relatively static, not to mention relatively high.

According to a 1992 study by the Inter-City Cost of Living Index for the American Chamber of Commerce, New York's grocery prices are among the highest in the country. A market basket of 27 items cost an average of $147.20 in the city, compared with an average of $100 in 99 other areas, said Ed Sturgeon, co-chairman of the index. A survey of Nassau and Suffolk Counties conducted six months earlier found an average price of $120.40, he added.

In New York, the true competition seems to be whatever is across the street -- usually a similar-size supermarket or a greengrocer. On Church Avenue in East Flatbush, for example, a half-gallon of Tropicana orange juice cost $2.99 at both the Consumers Food supermarket and the West Indian Grocery, a
much smaller, Korean-owned store nearby.

Indeed, analyses of prices within the city tend to present a confusing picture. A 1991 report for the city's Department of Consumer Affairs, "The Poor Pay More . . . for Less," found that supermarkets in poor neighborhoods consistently charged shoppers an average of 5.2 percent more than those in the rest of the city. However, the findings were disputed by the industry, which argued with the methodology used.

The informal survey of 24 stores in 5 areas found prices at the stores on the Upper West Side were 9 percent higher, on average, than the stores in the other boroughs, an average of $37.69 compared with $34.22. The highest prices were found at an Upper West Side D'Agostino, where the market basket of 19 items cost $41.10.

A spokeswoman for D'Agostino, Mary Moore, questioned the prices, adding: "We have never tried to be the lowest guy in town, but we are certainly not the highest. "We will be high on some items perhaps, but we will be low on most prices."

In the last couple of years, many of the national supermarket chains have adopted new buying practices that have allowed them to increase the industry's razor-slim profit margins. Mr. McAuley, the consultant, says that while this new approach has yet to reach the city, it may ultimately foster more intense competition, and with it a reduction in New York's traditionally high grocery prices.

"My guess is some chain will figure out how to do it and go the way of the rest of the country," he says, "and that could cause a big shakeup."

SEEKING MORE STORES

Changes in zoning laws and business practice, however, would not address what many people say is the biggest problem: Getting more supermarkets, even if they aren't the biggest supermarkets, into the city's poorer neighborhoods.

For instance, the 125,000 people who live in the area covered by Community Board 4 in the High Bridge section of the Bronx, have only one "real" supermarket, a four-year-old Waldbaum's in a shopping center on 161st Street, plus about 15 small independent stores.

"The bottom line is, for any city of 125,000 people, you would have a lot more than we have right now," said Herbert Samuels, the district manager. "I think this is typical for any poor area."

Like Mr. Samuels, Viola D. Greene, the district manager of Community Board 16 in Brownsville, Brooklyn, is puzzled by the absence of stores in poor areas, which then become dependent on convenience stores and bodegas that seldom carry full arrays of groceries and often charge high prices.

"We don't have the income of an Upper West Side perhaps, but we do have the need," she said. And people who cannot afford cars are unlikely to go elsewhere, she added. "They are hostages to shopping within the neighborhood."

Why exactly do chain-store owners tend to avoid these neighborhoods?

"Some managements may be more motivated by stereotypes than analysis," said the author of the Consumer Affairs report, Glenn Von Nostitz, now a deputy public advocate.

In addition to a disparity in prices, his study found that rents in poor areas were generally lower, and that reports of "shrinkage" -- money lost through theft or breakage -- tended to be anecdotal, not factual.

Howard Tisch, the longtime president of the Metropolitan Food Council, a 1,200-member citywide trade organization, calls the report "substantially incorrect." He contends that supermarkets decide where to open based on projected returns on their investments, since they are businesses, not charities.

Without exception, store owners say they prefer doing business in areas they perceive as wealthy.

"You make a lot better profit selling filet mignon than you do chopped meat," said Mr. Tisch, a one-time consumer-affairs official in the Lindsayadministration. "It isn't a question of whether they're running a profit. It's how much of a profit. That's the American way."

Added Arthur Waldbaum, senior vice president for sales and merchandising at Waldbaum's, "My ability to be a great merchant comes through much better in an upscale neighborhood." He says his stores turn a profit in various kinds of neighborhoods.

At the same time, chains that don't, or won't, operate stores in poor neighborhoods point to the independents as proof that people are getting their groceries somewhere.

"They're not starving up there" in the Bronx, said Nicholas D'Agostino, chairman and chief executive officer of the 22-store chain that bears his name. "Everybody needs to buy food, but they don't have to shop at a D'Agostino."

Four years ago, in an effort to bring in more supermarkets, the Community Food Resource Center, a nonprofit agency based in Harlem that studies food and hunger issues, convened the Supermarket Project, a group of development and social-service agencies, as well as supermarket owners. One result is a city program that will establish supermarkets in two long-deprived neighborhoods in Brooklyn by the end of next year.

"We learned that the reason you're not seeing new development of supermarket spaces throughout the city is that it doesn't work economically," said Pamela Fairclough, the project's director. "The revenue stream you get from a 10,000 or 20,000-square-foot store doesn't cover the construction costs. A 40,000-square-foot store does."

Officials call the city plan the first of its kind anywhere in the country. It offered developers subsidies of 90 percent on the cost of leasing the city-owned land and another 30 percent on construction through the Economic Development Corporation, said Angela Brown, the agency's vice president for Brooklyn. The program plans two retail strips, one on Rockaway Avenue near Pitkin Avenue in Brownsville, and the other in Coney Island, on Mermaid Avenue near 29th Street. Both will have Pioneer markets, one 12,000 square feet and the other 18,000. Similar projects are being planned in the Bronx.
Even as some try to bring stores to the inner city, and for all the stores’ emphasis on the well-to-do, many of those shoppers have been lost for good. There is an untold but significant number who would rather drive to the suburbs.

"It was the chaos, the size of the stores and the availability of the products, and having to transport things back to the apartment," said Julie Sogg Seymour, vice president of a midtown antiques and jewelry store. A few years ago, when her daughter was small, a friend told her about the clean and roomy Grand Union in Closter, N.J. Soon she was rounding up friends and heading across the river in her pickup truck on a weekly basis.

"Some mothers meet for lunch," Ms. Seymour said. "We used to meet and go to New Jersey and grocery shop." Even though the mothers’ group has disbanded, she still goes to New Jersey to buy food.

There is one admittedly nice way in which New York’s supermarkets have remained a breed apart: many stores still offer home delivery.

"If you’re going to pay through the nose for groceries," said Mr. Plunkett, the consumer advocate, "you might as well have them delivered."

Next: Smart-shopping alternatives.

GRAPHIC: Photos: Crowded supermarket aisles, like this one in Corona, are not unusual in New York City. (pg. 1); OLD: Crammed aisles are a staple at this Scaturro’s supermarket in Corona, Queens.; NEW: At a Waldbaum’s in College Point, Queens, shoppers enjoy the wide-open spaces. (pg. 10) (Photographs by Andrea Mohin/The New York Times)

Chart: "SURVEYING THE STORES"

CHOICE: Chain supermarkets - A&P, D’Agostino and the like - are overwhelmingly concentrated in the wealthiest areas, the Upper East and West Sides of Manhattan. Poor areas rely heavily on independent stores, which are generally smaller and less well-stocked.

COST: Compared with most Americans New Yorkers pay a lot for food. In visits to stores in five neighborhoods around the city, prices were highest in the wealthiest area chosen, the Upper West Side. On individual items, prices varied widely. A can of Bumble Bee chunk white tuna cost 69 cents at a Pioneer market in the South Bronx, $1.89 at Brothers Super in Brownsville, Brooklyn.

CLEANLINESS: More than half of the city’s supermarkets fail their health-code inspections the first time around, according to state regulators. At any given time, 12 percent of the city’s markets are considered to be in violation, compared with 8 percent statewide.

Graph: "COMPARE AND CONTRAST: Neighborhood Supermarkets" shows the average number of supermarkets in neighborhoods per 100,000 people, ranked by household income levels. (Sources: New York State Department of Agriculture, Census Bureau, industry data) (pg. 10)

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