caused by new kinds of overhead costs. Air conditioning, mechanical equipment, finer building materials, and large building lots were new expenses that increased a store’s overhead costs. Corporate chains and affiliated independents were more able to keep lower margin increases than non-affiliated independents, because these companies had bulk buying advantages and a management staff to study cost problems. Thus, the total sales share of non-affiliated independent grocers fell in the 1950s. The economic growth of affiliated independents over corporate chains, however, was largely due to affiliated independents being able to avoid unionization more easily than corporate chains could. Because corporate chains had highly centralized management, union negotiators were able to form unions more easily with them than with affiliated independents, which were highly decentralized in store ownership. Controlling overhead costs was an essential ingredient for determining who profited from the expansion into American suburbia.

The supermarket’s economic power became evident in the American landscape. More grocery stores were becoming supermarkets rather than superettes or small stores. The total number of stores in the United States continued to decline, but the square footage of store space continued to rise in order to match the nation’s growing population. Increasingly, this square footage was put into the supermarket. As Americans measured progress by new development projects in their communities, the supermarket was increasingly part of the scene.

By the end of the 1950s, the American psyche had been transformed by the supermarket. Increasingly, Americans said: “I need to go to the supermarket,” instead of: “I need to go to the grocery store.” With all the internal struggles in the retail grocery business, the supermarket was the unchallenged design to market food goods in the postwar era. Yet, more growth and new conflicts were in the supermarket’s future.

Chapter 6

The Grocery Store Parade

The retail food industry entered the 1960s with great expectations. Grocery management had developed successful techniques and methods for their supermarkets during the suburban expansion of the 1950s. The nation’s economy was prosperous in the 1960s, and the American public wanted more diverse goods and services than the conventional supermarket offered. In the 1970s, Americans faced economic recessions and wanted their food costs to be lower than before. To accommodate these trends, chains and independents developed a wide variety of store types to meet the diversity of customer demands, and this development resulted in market segmentation of food retailing. Yet, the supermarket continued to be a dominant store format which provided the standard against which grocery management developed new store types. At the same time, organized labor became a more potent force that grocery management could not ignore. From store design to chain reorganization, corporate management still found ways to combat unionism.

Store Locating Trends

As suburban expansion occurred, methods for locating new supermarkets became important. Locating a store in the postwar boom was relatively easy. The suburban residential market initially expanded faster than new stores to serve the suburbs could be built. By the end of the 1950s, supermarket owners had filled the retail store shortage. Increasingly, grocery chains and independents no longer assumed that a new suburban store would increase profits. When a supermarket became larger, a store’s market area had to increase in size to sustain sales volume per square foot. Store owners that
competed for the same market area with new, larger stores expected lower volumes of sales with higher building costs.

Some store owners were pragmatic in selecting locations. The Kroger Company relied heavily on the concept of similarity of experience. Corporate management simply chose locations that were similar to other Kroger store sites that had proven to be profitable. Another grocery chain had an adventurous form of pragmatism. George Jenkins, founder and owner of the Publix chain in Florida, and his associate, George Blanton, used a helicopter to seek out superior locations. A company employee said: "They have a knack for going in an area and getting a feeling of whether this area is a growth situation. Part of the knack was to observe from the helicopter the housing patterns near a site, and the roads and highways leading to it." These pragmatic approaches were based on past successes and aggressive acquisition of sites that fit the chain's site location criteria.

Systematic models began to emerge as analytic techniques to forecast new store sites. Population trends, income patterns, transportation networks, city planning requirements, and store saturation were issues that company management investigated. These issues were matched with the type and size of store that a company wanted to build. Management obviously wanted to build a supermarket in a large, high income area with a good transportation network. At the same time, they wanted not only approval from city planners but also no competition from other supermarkets. To meet all of these aims was ideal, not real. But in an era of prosperity and building growth, the key criterion for many supermarket chains was supermarket saturation. To calculate this saturation, company management multiplied the number of consumers in an area by the average food expenditures per customer in the area. This result, which predicted total food sales, was then divided by the total square footage of retail grocery space within the area. The resulting index gave the amount of food dollar expenditures per square foot in the trade area. When investigating many trade areas, corporate management chose the area with the highest index of supermarket saturation. At the same time, the food sales per square foot had to be profitable. To make such calculations, analysts used mathematical techniques to identify market areas and to forecast population and food expenditures. These locational techniques enabled grocery management to assess store location opportunities in a unified manner rather than through ad hoc expansion.

Even as supermarkets were expanding into new areas, corporate management had to decide which stores needed to be closed. Many of the methods used to predict new store locations were used to analyze old stores. As suburban expansion occurred, management analyzed many inner-city stores, because higher income groups had moved to the suburbs. At the same time, trade area boundaries changed when new grocery stores entered an area. Reanalyzing older store locations enabled management to estimate the continued economic viability of a location. Store owners also had sales records of their individual stores, and they were able to compare a store's index of saturation with trends in store profits. Comparing sales trends with the index of saturation enabled them to decide how well a store was being managed under the economic constraints of its trade area. These analytic techniques enabled grocery chain management to establish priorities as to which stores should be closed and which ones should remain in operation.

As corporate chains and affiliated independents increasingly located their stores in the suburbs, store owners in inner-city areas had to modify their stores in order to survive economically. Many independent grocers bought or leased stores previously owned by corporate chains. These store owners often stocked specialized food products to serve ethnic groups. Quite often, they remodeled their stores to upgrade the store's image to attract customers. But these supermarket owners had less floor area, less parking space, and lower sales volume than their suburban counterparts. Non-affiliated independents were particularly hard pressed economically because these spatial and profit limitations allowed less margin for error, especially at the single store level. As the supermarket moved to the suburbs, independent grocers often moved in to fill the market gap left by the exodus of larger grocery companies.

Although analytic techniques helped to locate new stores and eliminate old ones, these methods were not sufficient. Store saturation in trade areas became an increasing problem. Newer, larger supermarkets constantly made inroads into the trade areas of smaller stores. At the same time, there was only so much room in suburbia for large supermarkets. Grocery chains learned the necessity of working with shopping center developers to gain access to good locations. At the same time, these chains went on their own to develop sites. But with increasing competition for store locations and trade area saturation, grocery chains faced problems in store expansion.

The 1960s brought an end to the unlimited store expansion into suburbia, and the growth trend was still toward larger but fewer supermarkets into the 1980s. With capital investment going into fewer supermarkets, store location became more critical, because supermarket over-saturation in a trade area was more costly if management made a bad location decision. Chain management changed how those locational decisions were made. The chain merger movement, which began in the 1950s and continued into the 1960s, was curtailed. In 1966, the U.S. Supreme Court decided against the chain merger of Vons and Stop & Shop in Los Angeles. This court decision curtailed merger activity among the major corporate chains, and grocery chains were less able to depend on mergers as a primary strategy to capture store locations. As company mergers were allowed, grocery chains used this corporate device to increase their trade volume. Analytic techniques were also used to minimize losses and maximize gains in store locations. In the end, chain management used analytic methods and mergers for locating supermarkets to maximize the flow of profits at a given time and place.
NEW ARCHITECTURAL PACKAGING

Grocery store owners realized that architectural design was a stage set to draw the attention of customers within their trade areas. The United States was prosperous in the 1960s, and Americans made shopping purchases that they could not afford in earlier times. In addition to good grocery prices, they wanted a pleasant place to shop and chains and independents responded by changing the design of their supermarkets.

In the early 1960s, many grocery chains and independents abandoned the appearance of the efficiently designed box for more dramatic shapes and storefronts. Although rectilinear plans were typically used, roof shapes and store fronts were modified. Some new stores were built with flat roofs, but many chains and independents used single clear span arches, continuous arches, single gables, and continuous gables. Store architects extended these roof shapes to create decorative canopies for the front facade. For flat roof stores, canopies were attached, and store architects used these canopy designs to create a stage setting. In Dallas, Texas, the Minyard chain built a store front with store, and the canopy had angular arches that were reminiscent of Frank Lloyd Wright's Taliesin West. The French's Food Market in Oak Ridge, Tennessee, is reminiscent of Eero Saarinen's TWA Terminal at John F. Kennedy Airport in New York City. All of these design changes reflected popular trends in architecture, and store owners adapted these building designs to enhance their ability to capture customers who wanted a pleasant place to shop.

Building facades were not always modern in design. A few chains and independents opted for traditional motifs. A&P was the most noted chain to adopt traditional design by using a colonial motif for most of its stores. A&P stores were typified by a pitched roof, a cupola, red brick, and traditional lettering. A few other chains and independents used American colonial as a design approach, but A&P was such a large chain that no other company matched A&P's traditional image. The use of traditional design was a psychological contradiction in some respects. Americans had grown to accept the modern movement in architecture as a symbol of a progressive nation. Traditional design had been rejected by most American designers, but many people felt that traditional design had a warmth that modern design lacked. Customers accepted the traditional approach, and the image of supermarket as a stark machine of volume sales production was beginning to change.

Architectural styles became more traditional during the 1960s and early 1970s. In the 1950s, the supermarket was epitomized by the efficient factory, but this new era emphasized a historical image. Supermarkets were designed in a variety of historical motifs. The American colonial approach became more apparent, but store architects introduced other forms of cultural imagery. Supermarket facades were designed as Swiss chalets and American
barns. In Overland Park, Kansas, The French Market was modeled after the old Paris food market, Les Halles. The Pantry Supermarket in Arcadia, California, was designed in a traditional Spanish style, and Crawford’s Supermarket in Glendale, California, was designed in a turn-of-the-century New Orleans style reminiscent of the French Quarter. The make believe character of these supermarkets was similar to the Disney Corporation using the Castle Neuschwanstein as the entrance to Disneyland. The supermarket’s facade was a symbol designed to persuade the customers to shop in one store versus another. The use of historic motifs enabled store owners to promote the hope of entertainment as well as good prices for potential customers.

Some grocery chains and affiliated independents attempted to relate the design of their supermarkets to the surrounding areas by using a design method called the blending technique. A supermarket’s architectural style was coordinated with the design of nearby residences. Many store owners used natural materials such as wood and rough-hewn stones to give new supermarkets an earthy, more permanent look. Shake shingles and stone walls for front facades gave the supermarket a subdued feeling. Straub’s supermarket in an upper-income area of St. Louis was totally camouflaged as a residence. Rather than introducing major grade changes to the building site, architects kept the site’s natural contours as much as possible. Parking lots were landscaped with shrubbery and trees. Designers sometimes provided entrance gates with discreet signage to announce that the customer had arrived at the local grocery store. The blending approach was often used to fit the supermarket into a locale rather than making it stand out as was done on commercial strips in the 1950s.

These blending techniques often reinforced the perception that aesthetics equaled status, an idea with widespread currency among the upper classes who lived nearby. A few store owners had faced the problem of attempting to build supermarkets in wealthy neighborhoods where homes were traditional in design. Residents often demanded that local zoning boards require the incoming supermarket to be traditional in style. In the 1960s, the grocery industry began to emphasize consumer dynamics. Researchers found that store owners had to orient their store products to the consumer class in the trade area. For low-income customers, grocery management had to emphasize certain food products, but in addition to product selections, upper-income groups wanted quality surroundings during their shopping trips. Blending techniques helped to fulfill property demands of the upper classes who realized that blended architectural designs for commercial buildings would minimize reductions in their residential property values. Design blending was often an economic trade-off between store owners who wanted to build a supermarket and local residents who wanted to prevent their neighborhood property from being financially degraded by nearby commercial activity.
RECONSIDERING INTERIORS

Just as the exterior facades of supermarkets changed in the 1960s, so did their interiors. Grocery chains focused on three areas of change—interior design, departmentalization, and volume controls.

Store architects redesigned interiors in an attempt to find innovative plan solutions. A small number of designers continued to experiment with floor layouts in the 1960s and 1970s, just as they had in the 1950s. Supermarkets were designed in hexagonal, octagonal, circular, and triangular shapes, and these building forms led to different aisle arrangements. The Canal Villere Supermarket in a suburb of New Orleans, Louisiana, was designed with radial aisles that pointed toward the checkout stands. In Alderwood Manor, Washington, the owners of a Shop N Save Market used an X-plan arrangement of aisles. But these geometric experiments were more novelties than they were productive solutions. None of these designs was able to improve on rectilinear plans in terms of maximum efficiency of selling space. Certified Professional Supermarket Designers placed their emphasis on the rectilinear plan as a formula to minimize wasted space. Although a few experiments with plan layouts were done, store owners reaped few economic benefits for their efforts.

Such experiments in plan design occurred not only when new stores were designed but also when old ones were remodeled. Many of the supermarkets built in the 1950s needed to be remodeled, because physical wear, dated equipment, and passe designs reduced store sales. Although exterior facades were reworked, architects often had to make major interior overhauls to upgrade a supermarket. Remodeling attempted to reformat the 1950s supermarket from an efficient food sales machine to a modern entertainment center.

The major internal revision of the supermarket was the installation of food departments. The various types of food products were stacked in departments that were uniquely designed to vary the store’s aesthetic atmosphere. The collective effect of these food departments was reminiscent of an earlier age. Meat and produce departments were designed to have the aura of the old butcher shop and green grocer, even though self-service had replaced the green grocer. Delicatessens, bakeries, health boutiques, and flower shops were added to supermarkets in the 1960s and 1970s. The thematic thrust of the exterior facade was carried through to the interior design of old and new store departments. Spanish, American colonial, New Orleans French Quarter, and other styles helped store architects to design the departmental scene sets when they used the historic design approach. Even when store exteriors were subdued with the blending approach, the supermarket’s interior was actively divided into departments to sustain the customer’s shopping attention. Departmental design enabled store owners to focus customers’ attention on selected products in a given place while stimulating them to
consider other food purchases when the departmental atmosphere changed. Rather than treating customers as a processed object in a factory, store owners began to design environmental stimuli to elicit a desired buying response from customers.

Store art became more prevalent in the 1960s. Mosaic murals were sometimes used as public art at entranceways to give the supermarket a sense of community. In the mid-1960s the owner of Lakeside Foods in Lake Forest, Illinois, spent $12,000 for a wall painting and relief with a nautical theme at the rear of his store behind the meat counter. Some stores used reliefs of food plants and animals to depict food-related images. Other store owners used decor to implement a store’s particular theme. Department architecture was emphasized. Store architects often designed separate facades and free standing structures for bakeries, delicatessens, flower shops, and other departments. This individualized interior architecture enhanced not only the store’s theme through multiple interpretations but also the aura of old-fashioned shopping. Temporary displays continued to be used as an art form as in earlier times. Store managers arranged food produce, canned goods, balloons, and other devices to create promotional displays. Halloween, Thanksgiving, Christmas, Valentine’s Day, and the Fourth of July were seasonal holidays that enabled store managers to push certain products, and displays within and separate from various food departments were constructed to promote sales. Grocery management realized that a store's aesthetic appeal had to be both fixed and changing to attract prosperous customers in order to maximize sales.

Store designers experimented with new materials and equipment in the supermarket. Some stores were installed with carpeting for the entire retail area of the store. In commenting about carpeting in a Publix Market in Florida a customer said: “It's relaxing and you don’t have the feeling that you want to rush through your shopping.” Another customer felt: “It proves what we've known all along, Lauderdale has real class.” Finally, a Publix corporate manager concluded about customer behavior: “Remember, she’s buying food and the appearance of the store.” Carpeting was used as a means first to attract prosperous consumers and then to prolong the length of their shopping trip.

New lighting techniques were introduced. Designers used polarized lighting, mercury lights, and spot lighting to soften illumination in the supermarket. Before the 1960s, store owners installed uniform high-illumination systems to give a modern look of efficiency, but later managers realized that this approach did not work well with departmentalization. To set apart one department from another, they changed lighting levels for each just as a stage director might change the lighting from one scene set to the next. Individual lighting fixtures and indirect lighting at given locations helped to individualize a store’s departments. At the same time, managers wanted glare on food packaging to be less so that customers found food items to be more attractive.

Lighting became a medium in which store managers could strategically focus emphasis on product lines in order to maximize sales. At the same time, lower lighting levels resulted in energy savings, and mechanical systems either recirculated heat from light fixtures or discharged heat from the store depending on the season of the year. Store owners used new lighting techniques to implement the departmental approach and to reduce overhead costs.

REFINING THE MACHINE

Although many interior refinements had aesthetic appeal, some design changes were still made to increase efficiency. These modifications were primarily increased space, shelf design, central meat processing, and checkout stand systems.

Supermarkets continued to grow in square footage. During the 1930s grocery chains and independents had learned the hard lesson that a large store will outperform a small store in terms of volume sales and profit. The lesson still applied. New food products, non-food items, and increased variety were packaged and sold in stores of all sizes. The number of items sold increased and the store square footage remained generally stable. This growth was due to management’s desire to sustain the advantages of volume trading while maximizing customer appeal through product diversity.

There were definite efficiencies to building larger supermarkets. If total square footage remains constant, a grocery chain of ten stores that were each 25,000 square feet in size was more efficient in warehousing than a chain of 25 stores which were 10,000 square feet in size. When building new stores, grocery management certainly found it to be more economical to build ten stores versus twenty-five. There were fewer real estate and zoning transactions. During construction of a larger store, management could have lower equipment costs, because they bought more items at a given time. In this circumstance, the first chain was able to make fewer warehouse deliveries than the second one. With fewer stores, accounting systems were somewhat simplified. A few manufacturers were willing to make direct deliveries to a large supermarket, but they were unwilling to offer this service to a smaller store. This added service reduced further any delivery costs that might occur. When store owners built larger stores, they had more flexibility in choosing layout plans. By building larger stores, grocery management was somewhat forced to departmentalize their retail goods so that customers could guide themselves in a self-service system. This departmentalization became a marketing asset as store owners learned to diversify their display techniques to encourage customer buying. A larger supermarket furthered the idea of one-stop shopping in the minds of shoppers. The grocery trade had become the largest retail business in the United States, and people began to depend
on the supermarket having virtually any item they wanted. By 1971, the supermarket represented only 18 percent of all grocery stores, but it produced 75 percent of total retail grocery sales volume. Larger supermarkets enabled grocery management to reduce some overhead costs and increase marketing flexibility. Increased display and storage space enabled store owners to predict more accurately their labor needs. Studies showed that larger stores produced more sales volume per employee than smaller ones. For a small store, a manager, a cashier, a clerk and a butcher might be necessary but this configuration might not be the most effective number of employees relative to floor space. In a large supermarket, management was better able to predict how many clerks were needed to cover stocking and servicing a store's square footage. If 7.5 clerks were needed, management was able to mix efficiently full-time and part-time employees to service store space. At the same time, store managers were able to gather their clerks as a team to fulfill some emergency need, where the manager of a small store could not.

There were a few inefficiencies when grocery management increased store size. As they built larger supermarkets, grocery management learned that sales volume per square foot began to fall. A&P's economy store in the 1920s as well as King Kullen and Big Bear super markets in the 1930s were based on maximizing sales per square foot, because volume turnover throughout the store maximized spatial efficiency and lowered wholesale costs. The reduced efficiency of new supermarkets was the result of product item diversity. The new stores maximized customer product choice, whereas the owners of these earlier stores minimized wholesale costs by buying fewer product lines but selling them at a high volume. But supermarket owners were increasingly willing to shift to maximizing product choice, because the American people in a stable economy were willing to sacrifice the lowest price for product diversity.

Grocery management was also concerned about the micro-scale of shelf design. Before the 1960s, space allocation for shelf design had been largely a hit and miss matter. But with research developed in the 1960s, store owners adapted new shelving techniques. They learned to block their merchandise on gondolas. Shelf space was now divided vertically as well as the obvious way of putting goods horizontally on a shelf. A customer now faced a vertical rectangle of a certain line of goods, and this clear, visual arrangement enabled customers to shop more quickly and leave more time for impulse buying. Store owners found that continuous, horizontal shelf arrangements along long gondola aisles looked efficient, but the design produced lower sales than this new arrangement. They installed special display slots to interrupt the visual monotony of continuous shelf arrangements within an aisle. This change enabled store managers to create focused arrangements within aisles. Food departments were now divided not only between one another but also internally. Store owners found that special, temporary displays at the ends

of aisles created more sales volume than permanent ones. As a result, they increasingly used end display for special promotions. Store managers also realized that grouping products increased sales. By placing syrups and molasses by pancake mixes as an integrated approach, store owners increased the sale of each item, because many customers bought both items simultaneously. All of these shelf design techniques were attempts to simplify visual messages and to create visual stimuli over both time and space. This increased diversity in design enabled management to focus the shopper's attention more efficiently, and the result was an increase in sales volume. Micro-scale shelf design concerns were related to the interior design of backroom storage areas. Store managers attempted to minimize the ratio of storage space to retail selling space, because a square foot of floor space in storage meant one less square foot to sell food goods. Store managers began to pay greater attention to turnover per product. By knowing turnover rates, they were better able to restock shelves on a timely basis. Knowing shelf turn rates better enabled store management to take goods from the warehouse straight to the shelves. Storage space became limited to high volume goods where the transportation cost of many service trips was more expensive than the loss of retail selling space. At the same time, broken stock in the back rooms was practically eliminated. Improved inventory controls enabled store managers to increase the percentage of interior space assigned to retailing versus storage.

Centralized meat processing was an innovation that not only increased interior retail space but also significantly reduced labor costs. Store management invested a great amount of capital in back rooms for meat preparation. When butcher shops were combined with the grocery store in the 1920s and 1930s, store management initially assumed that the butchers' shop work would remain in the supermarket. But they began to realize that machines increased the work efficiency of meat cutters to the point that they had more equipment and meat cutters than were necessary in every store. By building a central meat operation, grocery management significantly cut their labor costs. The bonus for store space was twofold. When new supermarkets were built, management eliminated the space and equipment needs for meat processing in the design of these stores. They either reduced a store's total square footage or, more likely, devoted a greater percentage of space to retail sales. In old stores, the back room space was initially used for storage, but with interior remodeling, store managers converted the vacated meat processing space into retail space. Centralized meat processing increased the spatial flexibility of store interiors to increase sales, and it also eliminated jobs.

The Uniform Pricing Code was introduced in the 1970s, and it had a significant impact on the efficient use of interior space. A computer code was placed on each packaged label, and at the checkout stand, the checker moved the product over a scanning device that read which item was sold and its price. Eventually, grocery management tied this checkout information to
store inventories. Far more accurate than the manual inventories by clerks, the Uniform Pricing Code enabled management to make exact estimates as to when and how much of a store item was needed. Replacing items on the shelf became more efficient. At the same time, store management was able to make more timely deliveries from a central warehouse, and this advance enabled them to calculate more exactly their need for back room stock of store items. As a result, store managers were able to reduce further the amount of floor space that needed to be devoted to storage.

After 1960, the supermarket became an attraction as well as a retail machine. Grocery management increasingly realized that customers responded to their stores as a packaged good just as they did with food items. Architectural design, both exterior and interior, became a marketing technique for grocery management to capture customers away from other stores with less enticing designs. At the same time, store managers remained vigilant about finding new techniques to improve spatial efficiency within their stores. They found that larger stores, shelf design and displays, centralized meat processing, and the Uniform Pricing Code enabled them to increase efficiency of sales within a given space. The supermarket increasingly became a refined corporate space for maximizing profits.

THE PARADE OF CHALLENGERS

The supermarket was the dominant retail mechanism for grocery retailing in the 1960s, but internal weaknesses and external influences began to emerge. By using the supermarket as a singular approach, grocery management enabled other entrepreneurs to exploit new approaches to grocery retailing. At the same time, the public began to criticize food prices and food quality. External to grocery retailing, the energy crisis of the 1970s caused increased overhead costs, and the desire of the American public to eat out more often reduced grocery sales volume. Grocery management had treated the supermarket as an invincible retail mechanism, but their faith began to be confronted by a parade of alternative retail stores, criticisms, and lifestyle changes.

A large supermarket had the asset of sales volume, but its liabilities became location and time. With supermarkets increasingly dominating trade and eliminating small establishments, the density of grocery stores decreased. There were fewer stores, and their locations were increasingly spread out. Shoppers were driving farther to do one-stop shopping. In the eyes of aggressive entrepreneurs, the supermarket did not have the advantage of timely shopping. People were able to do one-stop shopping in a supermarket, but customers who bought only a few items did not enjoy the long drive and a long line at the checkout stand. Grocery management had traditionally limited shopping time. Late store hours, even twenty-four-hour service, was common in supermarkets on the West Coast before World War II, but most Americans were accustomed to the supermarket closing at 8:00 P.M. and being closed on Sunday through the 1960s. Although the supermarket was a retail powerhouse, business interests realized that its spatial and time gaps could be exploited.

The convenience store emerged as the solution to counter the space-time limitations of the supermarket. The convenience store had its origins in 1927 when Joe C. Thompson of the Southland Corporation in Dallas, Texas, opened stores with a limited set of food goods for shoppers who came by car. Ice and gasoline service were also combined with these stores. But the impact of these early stores was small, because few Americans owned automobiles. The growth of the convenience store became evident after World War II when automobile ownership began to increase significantly. At the same time, the suburbanization of America and the supermarket’s displacement of small grocery stores created opportunities for convenience store owners to identify spatial gaps for their market niche. They managed the time gap with longer store hours. The importance of time was epitomized by the Southland Corporation when it renamed its outlets 7-Eleven stores. Opened from 7 A.M. to 11 P.M., these stores, and others like them, were able to capture early morning and late evening shoppers that supermarkets had not served.

Customers began to shop at convenience stores during the same hours that supermarkets were open, because they preferred to shop at a nearby location when they needed only a few items. As the supermarket continued to force small grocery stores out of the large volume, one-stop shopping market, the opportunities increased for convenience store owners to exploit quick, limited item sales on the customer’s terms. One industry critic noted:

What the American Consumer was looking for was a food store that stayed open seven days a week 'til all hours of the night; one that was a mile or less from home; one where you didn’t have to wait endlessly in line to get checked out; one where you wouldn’t feel self-conscious arriving in hair curlers; or in a bathing suit; or barefoot, or sweaty in a baseball uniform. Today’s convenience store has answered that need.

Some companies attempted to meet the customer’s desire for convenience and management’s need to control labor costs through automated grocery shopping in the 1960s. The entire store was a series of vending machines without a clerk. The customer could buy milk, bread, butter, eggs, juices, coffee, soft drinks, canned goods, candy, sandwiches, party foods, and cigarettes. Labor costs were reduced to restocking the vending machines, and to take advantage of reducing labor costs, automated stores were open twenty-four hours a day. The automated store was able to maximize the time gap created by supermarket management who set limited store hours. Yet, the automated convenience store was a short-lived phenomena. Even in a convenience store, customers wanted service. Automated stores reduced the customer from someone who was served to an economic unit determined
by the amount of coins in a machine. At the same time, these stores did not carry goods as diverse as the typical convenience store. In the end, the automated store was too inflexible and too alienating for customers.

The interior design of the convenience store under corporate management harkened back to a previous era. At first, these stores were similar to mom and pop stores, which were not highly systematic in their arrangements. Corporate management, however, emulated the A&P economy stores of the 1920s. In the 1960s, convenience stores ranged from less than one thousand to four thousand square feet with parking for five to fifteen cars. The typical store had a rectilinear floor plan with the length of the store facing the parking area. Inside, management typically arranged gondolas in rows, which paralleled the length of the store, to minimize aisle space. Unlike the mom and pop stores, which attempted to offer a full line of food goods, convenience store chains selectively limited their goods that customers tended to buy on impulse. Cigarettes, beer, soft drinks, candy, ice cream, ice bread, some canned goods, and toiletries were sold. Fruits, vegetables, and meats were sometimes sold, but many convenience store chains eliminated these items for products with a higher shelf turnover. The convenience store, like A&P’s economy store, emphasized self-service, high turnover of a limited assortment of food items, and a convenient location. Also like the A&P economy stores, the Southland Corporation organized its 7-Eleven stores with interior shelf systems and layouts that were essentially the same in all stores. Although the supermarket was a superior approach to volume sales, corporate management of convenience stores found past lessons in small store design to be profitable.

The growth of the convenience store occurred first in the Southwest and then in the South. Just as corporate grocery chains emerged in the East because companies like A&P and Kroger were based there, the convenience chain was strong in the Southwest because the 7-Eleven chain was founded in Texas. During the suburban growth period between 1945 and 1960, 7-Eleven was the only corporate chain that had the financial resources to consider large-scale expansion. By 1960, the Southland Corporation had grown to five hundred stores and had captured one-third of all convenience store sales. In 1960, 66 percent of all convenience stores in the United States were located in Arkansas, Louisiana, Oklahoma, and Texas. The convenience store eventually blossomed into a national phenomena, and many chains that began in the 1960s became strong corporations by the 1970s. By 1970, convenience store owners had captured 3 percent of total U.S. grocery sales. Although the supermarket was an efficient machine within the constraints of its purpose and design, it was unable to dominate its market in the areas of time, space, and convenience. Corporate convenience store chains systematically exploited the space and time weaknesses of the supermarket.

During the 1960s, the public began to criticize the supermarket for its food quality. As mass marketing grew after World War II, manufacturers increased their usage of food additives to enhance food tastes and to preserve food
items. At the same time, farmers used more chemical fertilizers to increase food production. Grocery chains had always advertised that their stores offered high-quality products, but consumer groups began to challenge these claims. Critics exposed the fact that many cereals were puffed with air but with few nutrients. Manufacturers increasingly used food coloring and flavor imitations to make foods, such as meats, more attractive to customers. Candy companies substituted synthetics for chocolate in their candy bars. By the 1970s, Americans consumed 6.7 pounds of food additives per year in their diets, and public officials were not fully aware of the health consequences. Grocery chains were more than bystanders to these criticisms. Having their own private food brands prepared by food manufacturers, management for major grocery chains and affiliated independents played an indirect but active role in food additives being introduced in the supermarket. Food additives prolonged the shelf life of foods and increased product attractiveness. Both of these benefits in large-scale manufacturing and retailing were amenable to the supermarket owners' need to sustain a high level of volume sales while minimizing product losses. The American public became aware of these inconsistencies, and consumer groups and governmental officials investigated the food preparation methods of manufacturers.

The public also attacked grocery chains for their food prices in the 1960s. Customers spent more for food items because of store overhead costs, promotion techniques, and area price manipulations. As they eliminated small store competitors, supermarket owners competed more against one another. They tended to be equally efficient, and store design became one way of distinguishing one store from the next. These architectural improvements, as well as air conditioning and other mechanical improvements, increased overhead costs. The public increasingly realized that the stage set designs of supermarkets were not free. The public had responded favorably to these improvements, but they began to object to other overhead costs. Store advertising was not only costly but also deceiving. Loss leaders were highly advertised, but customers often had difficulty finding the items on store shelves. Through store layout and shelf placements, some store owners enticed customers to buy more profitable items. Grocery management attracted shoppers with games offering prizes and trading stamps, and consumer critics noted that such tactics increased the costs of food items as much as 4 percent of sales. There were pricing tactics that were less obvious to consumers. Large corporate chains, such as A&P, Safeway, and National Tea, practiced price zoning. Where sales volume was low and competition was keen, corporate management reduced the prices of certain food items. In trade areas where competition was weak, these chains charged higher prices. Such variable pricing became a hidden cost to consumers living in a trade area dominated by a corporate chain. Critics and consumers increasingly criticized how supermarkets were designed, promoted, and located to maximize profits.

Both store owners and manufacturers manipulated food products. Some store managers set varying prices for cheese portions cut from the same wheel and labeled them as different types of cheese. The traditional problem of fixing scales continued as customers were overcharged for meats and produce. Consumer critics saw food packaging as a problem, because the cost of the package became a greater percentage of the sale price than the food item. Some manufacturers manipulated the product's size to hide costs. In the 1970s, the Nestlé Company increased the size of its candy bars 15 percent while increasing their price by 50 percent. With such changes, customers were unable to compare the volume of a product with its price. Grocery management realized that the physical manipulation of food products was as important for profits as the design and location of the supermarket that housed these goods.

The quality and pricing of food goods led consumers and retailers to support retail alternatives other than the dominating supermarket. Many shoppers who wanted quality goods formed co-ops or sought out farmers' markets and health food stores. As a result, they often found that they were able to cut food costs. Most people wanted to spend less money for their food bills, and entrepreneurs responded by opening warehouse markets. Supermarket owners were unable to sustain a captured audience who believed in the prices and quality of their food items.

Aggressive consumers organized co-ops during the late 1960s and 1970s to counter what they thought were exploitative supermarket prices and low quality food goods. This new wave of cooperatives had its roots in the civil rights, student, and anti-war movements that created greater political awareness and a desire for participatory democracy among young people. Co-ops operated either as retail stores or pre-order centers in which members' orders were made, organized, and delivered on a set schedule. Anyone was allowed to join, and each member had a vote on the co-op's policies. Being non-profit, members were able not only to save money but also to be selective about food products. In California, members of the Berkeley Co-op used political tactics in operating their store. They placed warning signs on shelves for foods high in sodium to inform customers with health problems. When a food manufacturer was the wrongdoer in a labor dispute or charged with anti-environmental practices, co-op management posted signs in their store to inform other members. The Berkeley Co-op avoided end displays to promote impulse buying, and they refused to install colored lights to improve the appearance of meats and other products. Co-op stores were functionally designed without promotional interiors, such as the nautical or New Orleans French Quarter themes sometimes seen in a supermarket. Instead, co-ops were reminiscent of mom and pop grocery stores. Members sensibly arranged food items in aisles, and they did not strategically place highly profitable items at eye level on shelves to maximize sales as was done in supermarkets. Honesty in presenting food products extended to relationships between members. Co-ops became informal community centers where members chatted.
with one another while they shopped. The overall atmosphere of co-ops was one of people fulfilling basic needs rather than being manipulated toward maximizing food purchases. Co-ops offered an alternative to consumers who saw the supermarket as an exploitive retail space for profits.

Although initially successful, co-ops eventually declined in number. Urban cooperatives had the greatest problems, because these groups were founded by many community activists who were not originally from the immediate community. The decline in active community organizations affected these cooperatives, because the U.S. government terminated funding programs for neighborhood development. Suburban cooperatives were more stable than their urban counterparts, but there were problems. Membership was normally between thirty and fifty people, but with a high annual turnover in membership, suburbanities had difficulty maintaining primary group relationships to run the co-op. Yet, it was this small group involvement that many members sought. At the same time, they found the economic benefits in participating in a cooperative were small. Cooperatives were a community reaction to supermarket practices, but many co-ops failed due to inadequate organizing, inadequate funding for urban groups, and a lack of economic benefits for suburbanites.

Consumers in some cities saw the public market as a means to find quality food items that they found missing in supermarkets, but there were political obstacles. Many public markets or farmers’ markets had disappeared. With mass distribution systems, corporate management of chains had devastated public market trade, first with the economy store and then the supermarket. City officials had allowed public markets to fall into disrepair, and developers replaced these buildings with more profitable enterprises. Yet, with the political upheavals in the 1960s and the public desire to regain a sense of community, people endeavored to save old markets. Plans were drawn to demolish the Indianapolis City Market and replace it with an office complex, but public supporters fought in the courts to save the market, and the legal conflict was so intense that the case reached the U.S. Supreme Court in 1968. Public market advocates won the case, and the city took an active role in restoring the market by providing competent management. Other markets were lost to urban redevelopment. In the 1970s, Boston’s Haymarket was reduced from a daily market comprised of 24 city blocks to a single block that was opened only once a week. Consumer advocates supporting the preservation of public markets faced opposition from business interests and public officials, and there were both successes and failures in saving these markets.

Political conflicts over public markets led to challenges over a city’s cultural identity and to class confrontations. Other than Baltimore, no city was so highly identified by its public markets as Seattle. The Pike Place Market had fallen into disrepair by the 1950s, and developers began to put pressure on public officials to redevelop the area. The business establishment formed the Central Association and wanted to demolish old market buildings and to replace them with office buildings and a multi-story parking lot. The mayor and the Central Association supported a redevelopment plan, and the city of Seattle applied for an urban renewal grant in 1964 from the Department of Housing and Urban Development. Concerned citizens organized Friends of the Market, and they fought back politically and legally for ten years to save Pike Place. One of their major weapons was getting the market complex placed on the National Register of Historic Places. This strategy gave legitimacy to saving Pike Place. With a plethora of plans and a public referendum in 1971, seven acres of the Pike Place Market were saved, and the buildings were restored. There were numerous other battles to save public markets as a consumer alternative, and the movement to save them was epitomized by Laure Olin, an architect, who recalled the conflicts over the Pike Place Market:

Here the issue finally came down to one of social thought, not architecture. It was urban souls who believed in diversity and felt that the haves must face up to their brothers, the have-nots: that whatever was wrong with downtown Seattle, it was not the public market and its denizens, but rather the grim vision and lives of the more affluent who neither lived in or liked the city.

Consumers gained the economic savings and quality of life they sought in public markets. Consumers were found to save thirty-four cents on the dollar for the same produce goods if they shopped in farmers’ markets rather than supermarkets. A shopper could find a produce item cheaper in a farmers’ market 91 percent of the time when compared to the supermarket. In California, researchers compared consumer preferences between farmers’ markets and supermarkets. Preferring farmers’ markets, shoppers found them to be cleaner, friendlier, more personal, faster, less expensive, more natural, more sociable, and happier than supermarkets. As the ecology movement gained momentum in the United States, a few consumers became more concerned about being economic, responsible shoppers as well as recapitulating a sense of public life, and many shoppers chose the public market as an alternative. But the public market was not easily replicated, and it was a local institution without the systematic advantages of mass distribution for a wide variety of food goods. Some shoppers used the public market for produce, fish, and meats, but the supermarket was totally oriented to one-stop shopping for both food and non-food items. The public market was a partial economic solution for cities that valued them, but the effect of such markets was negligible compared to the public’s demand for supermarkets.

Some consumers wanted quality foods without regard for price, and small specialty shops fulfilled this demand. Gourmet shops and health food stores became more prominent in the 1960s as the American public had more disposable income. Some small supermarkets, called superettes, were devoted to high-income consumers. These stores sold exotic fruits, the finest
lines of canned goods, and other foods that were not typically available in any supermarket. But these superettes were so limited in their food lines and price ranges that these stores were able only to meet the partial needs of high-income groups. At the other extreme, ethnic grocery stores in large cities often served low-income groups, because store owners realized that supermarkets were unwilling to stock a variety and volume of ethnic foods to serve their communities. In Chicago during the 1970s, 80 percent of the grocery stores in Spanish neighborhoods did not compete with supermarkets. Speciality stores met particular customer needs, but these stores captured a very small portion of food sales when compared to the supermarket.

In contrast to the desire for quality goods, many American consumers wanted a grocery store alternative that offered lower prices. The inflationary pressures of the nation's economy in the 1960s put increasing pressure on a household's budget. National food surpluses practically disappeared. Aided by the political ferment of the times, resentful shoppers boycotted chains for charging high prices, and these chains experienced lower profits and sales volume. Amid these pressures, the discount store became an attractive alternative for store owners.

The discount movement began in the early 1960s and was flourishing by the end of the decade. Some chains and affiliated independents foresaw the demand for discount stores, and they experimented by building freestanding discount food stores under names not associated with their other stores. When inflation and shopper boycotts occurred, corporate chains openly expanded with discount stores. Rather than building structures, some older stores were repainted along with minor repairs and converted into discount stores. By re-imagining their stores and lowering prices, operators were able to capture sales in a saturated market that was dominated by superettes owned by large chains and major affiliated independents. But lowering food prices also required store owners to make significant changes in store operations. By reducing all prices as much as 5 percent, store owners were able to increase the volume of sales, but to be profitable, cutbacks were necessary. They eliminated trading stamps, games, and other gimmicks, and they reduced the total number of food items by 15 to 20 percent. The elimination of promotion techniques was an immediate reduction of overhead costs. Reducing food items was strategic, because food items with fast turnover increased the amount of sales per square foot. Initially, owners shortened store hours to cut labor costs, but in time, they lengthened store hours to compete more directly with the conventional supermarket. The discount movement was a return to the economic premises of superettes in the early postwar era, which emphasized sales volume and holding down overhead costs.

During the 1970s, many store operators opened warehouse superettes that de-emphasized quality design and atmosphere. Owners reduced food prices even lower than the initial discount stores, and there were interior and operational consequences. Food items were stacked high on metal shelves rather than on gondolas, and many products, such as canned goods, remained in their carton with the top portion of the cardboard box cut away. This crude form of shelf display, however, was economically efficient when warehouse store owners used cash registers that were installed with price scanners. With the Uniform Pricing Code marked on food items, store clerks were required only to put the carton of goods on the shelf, not to mark the price of each item. Meat and produce displays were simply arranged without decorative devices to emphasize these areas as specialized food departments. Checkout stands were somewhat modified. Store owners eliminated sacking clerks, and to sustain a fast flow of processing shoppers, a pivotal board was installed on the stand. As one customer was packing groceries, the pivotal board acted as a divider for the checker who was checking out groceries for another shopper. The metal shelves, food goods in cartons, the simplified designs of food departments, and the checkout stand gave a bleakness to the warehouse supermarket. There were no architectural themes and design articulations used in these stores as had appeared with superettes in the 1960s. Store displays were straightforward, and as a result, the visual absence of a concern for aesthetics gave customers the message that warehouse markets were saving them money.

The new warehouse approach hardened back to the beginning days of the supermarket. The King Kullen and Big Bear superettes of the depression era succeeded on the principle of offering low prices by lowering overhead costs, and the spatial outcome resulted in a bare bones architectural setting. Some warehouse supermarket owners also combined their store with an adjacent discount department store, although usually separated by interior partitions. This combination method had been used in the Big Bear superettes with great success. Like the early superettes, store owners converted old buildings into warehouse stores, but there were two differences. The 1930s superettes were installed in buildings used formerly for industry and other commercial uses. The warehouse supermarket of the 1970s was often a building that was previously a typical supermarket. In the 1930s, supermarket owners were able to choose almost any site to compete with small stores, but their counterparts in the 1970s had to be aware of trade area saturation because they competed with other large stores. Given the economic recession of the 1970s, the 1930s depression era techniques for supermarket design and operations made economic sense to many chains and independents who operated warehouse markets.

Although supermarket owners faced challenges from retail competitors in the grocery trade, they also increasingly had to confront the public's desire to eat out in the 1960s and the 1970s. American households were prospering from the nation's strong economy in the 1960s. With more disposable income, families chose to eat out rather than to eat at home. At the same time, women were increasingly entering the labor force, and the woman's traditional role of preparing meals at home lessened. Women ate lunches at work, and they
wanted less work at home. Children and teenagers frequented fast food franchises more often, because their parents gave them allowances, which were more possible to give in an era of prosperity. As households took more trips to eat out, they made fewer shopping trips to the supermarket. Store owners had typically considered other retail grocers to be their competitors, but increasingly all owners in the grocery business had to recognize competition from everywhere prepared food was sold.

The growing parade of retail alternatives in the 1960s challenged the supermarket as the single formula for grocery retailing. Convenience stores were the most accessible in location and time. Co-ops, gourmet shops, and public markets offered high-quality products. Discount stores and warehouse markets offered the lowest prices. Restaurants and fast food establishments increasingly offered potential shoppers an alternative to grocery shopping and home meals. In each of these circumstances, the supermarket was outperformed by the competition. Although no longer able to monopolize the retail sector, store owners responded with changes in the supermarket.

**MEETING NEW CHALLENGES**

Chains, alongside affiliated and non-affiliated independents, could not sustain the conventional supermarket as an unchanging formula for maximizing profits. Shopping hours, quality of food, prices, and competition from eating out were problems that owners began to address.

Corporate chains and independents eliminated the time barrier. Traditionally, most supermarkets had closed in the early hours of the evening. In the 1950s, stores were typically open until 8:00 P.M. in the winter and 9:00 P.M. in the summer. Store hours changed in the 1960s to 11:00 P.M. in response to the convenience store’s economic threat. Owners extended store hours to midnight in the 1970s, and by the 1980s, many supermarkets were open every day of the week, twenty-four hours per day. Owners eliminated not only the possibility of losing potential sales but also the shoppers’ psychology that the convenience store was their only alternative. Although there were increased labor costs involved in sustaining a minimal crew of clerks in the late hours, there were economic efficiencies. Supermarket managers had typically kept their stores lit all night to lower theft rates, and they found it more economical to operate air conditioning and heating systems continuously rather than starting and shutting down these systems. As a result, late night and early morning sales helped to pay for energy costs that store owners had previously treated as an unrecoverable loss during a down-time period. Supermarket managers were able to use their labor force more strategically by extending store hours. Clerks stocked shelves during the late hours, which meant they need not interrupt customer shopping during the day. This time shift in store operations then enabled store clerks to devote more time to personal service with customers, an attribute that many shoppers wanted.
Although unable to overcome the locational advantages of the convenience store, supermarket owners maximized their ability to increase sales by eliminating the barrier of traditional store hours.

Supermarket owners began to put greater emphasis on the quality of their food goods. Health food products, organically grown fruits and vegetables, leaner cuts of meat, greater varieties of fish, canned goods with less oil and salt, and other specialized items enabled grocers to compete more effectively against farmers' markets, co-ops, and health food stores. Managers in upper-income areas devoted entire aisles to foreign foods and gourmet delicacies, and they expanded their wine selection to increase the variety and quality of vintages for customers. Although self-service was still used as a strategy to reduce labor needs, managers asked their clerks to devote more time to personal service so that shoppers would feel that both goods and service were of good quality. Supermarket owners were unable to duplicate the store atmosphere and food items offered by the gourmet and specialty stores, but they were able to prevent economic erosion by retaining upper-income shoppers. Although retailers of quality foods were never a serious threat to the supermarket, chains and independents were unwilling to surrender the quality food market in their stores for fear of reduced sales volumes.

In contrast to the quality food shops, the discount store and warehouse market did pose a serious threat to the conventional supermarket. Chains often chose to follow the trend, converting some of their stores to the discount format. This strategy enabled them to broaden their market mix by having some stores that offered the lowest prices, whereas others provided a greater variety of goods and more services. Other limitations and alternatives also forced owners of conventional supermarkets to emulate discount and warehouse stores.

Overhead costs had to be reduced to lower prices, and changing store architecture was a viable solution. Supermarkets in the 1970s and 1980s were not as flamboyant as in the 1960s. Although their buildings were well-detailed, store owners deleted architectural motifs and themes that had captured shoppers' attention. Building facades were modified to meet a new economic problem, the energy crisis. In the early 1970s, energy costs soared as the United States began to depend substantially on foreign oil. The immediate solution to this problem was the elimination of glass facades, which were not energy efficient. Store architects faced the challenge of designing front facades that could be appealing even without window sections. Roof structures and arcades provided visual interest to a supermarket without adding energy costs. A wall graphic displaying the name of the store often became a design feature that dominated the front facade as a form of ornament, and the sign's energy cost was negligible. Store interiors were modified with more energy-efficient lighting, and some manufacturers improved the energy consumption levels of refrigerated display units. The affluence of the 1960s began to fade in the 1970s, and supermarket architecture reflected these changes by cutting costs.

A major weapon used to counter the discount and warehouse markets was the introduction of generic brand grocery products. Initially introduced in France in 1976, the Jewel Company was the first grocery company to introduce generic brands in the United States. Most firms took a wait-and-see attitude, but in 1978 the movement began to take hold when the Dillons chain in Kansas and Missouri began offering generic brands for both food and non-food products. By 1980, 14,600 supermarkets in the United States were marketing generic brand products. Large families and more educated people tended to want these products. Certainly saving on food costs was a consideration, but many shoppers felt that the differences in quality for private and national brands in supermarkets were not worth the added costs. Store managers provided special aisles for generic goods and even decorated them with black and white crepe paper, the symbolic colors for generic items. Although these goods allowed corporate chains and affiliated independents to improve the balance of trade between them and warehouse supermarkets, the generic movement disappeared as better economic times came to pass.

Chains as well as affiliated and non-affiliated independents could no longer ignore the eating-out challenge, and they responded with their own fast food alternatives. Delicatessen departments and bakeries were introduced in the 1960s to offer prepared take-out foods. Some supermarket managers experimented with a café in which food and drinks were purchased from the deli departments. But their attempts to create a fast food section failed, because store managers lacked the market analysis and food product refinements that fast food franchises such as McDonald's and Long John Silver's had developed. However, store owners were able to capture the market segment for a food product line in which they excelled, produce. The American public's concern for health and diet was initially addressed by restaurants specializing in salad bars. With the produce at hand, store managers began to convert a portion of their produce departments into salad bars, and shoppers were able to design their meals at the counter and take them home. Supermarket owners, however, achieved only modest successes against the eating-out challenge. As they could afford it, American households increasingly wished to escape the drudgery of preparing meals in the kitchen, especially in one person households and households where both spouses worked. The increasing work demands placed on middle-income household members began to influence household eating habits, which supermarket owners were unable to overcome.

Supermarket owners' responses to outside challenges continued to be measured by the size of their stores. In 1978, the average size of a new supermarket was 32,500 square feet, whereas the average size for closed stores was 12,800 square feet. The trend continued into the 1980s with new supermarkets...
averaging 40,000 square feet and some stores being built with over 70,000 square feet. To compete against their challengers, grocery chains had to provide a wider variety of goods and services, and this variety required them to increase floor space. Eventually known as superstores, these supermarkets were designed for one-stop shopping and service. This strategy was a middle-of-the-road approach: Store owners offered low- and high-cost goods, longer shopping hours, and take-out foods for shoppers. Still, they were unable to outperform other retailers who specialized in specific sectors of the food retailing industry. Nevertheless, chains and all Independents with superstores were able to optimize a combination of services that approached the advantages offered by convenience stores, public markets, co-ops, specialty food stores, warehouse supermarkets, and eating-out establishments.

Supermarket owners in the 1980s, however, faced two significant innovative challenges that were external to the retail food industry, both oriented toward mega-scale retailing. First, the hypermarket design maximized the diversity of retail goods and services. Second, the warehouse club store maximized sales of selected grocery goods and other retail items. Both store types were significantly larger in building and economic scale than the conventional supermarket and its resulting prototypes.

The hypermarket, which first developed in France, emerged as the ultimate retail store. The French company, Carrefour, began when a food wholesaler and a non-food retailer joined to operate their first supermarket in 1960. They were influenced by discount stores, such as K-Mart, which were growing on the outskirts of many American towns. Carrefour opened its first discount store in 1963, but unlike American retailers, they combined the supermarket and the shopping mall into one facility: the hypermarket. Carrefour’s hypermarkets included not only a supermarket but also a cafeteria, a garden center, a furniture center, an auto center, and several boutiques. In the 1970s, Carrefour dominated the hypermarket trade in France and led in the international expansion of hypermarkets. The first hypermarket in North America was built in Montreal, Canada, in 1973, but the Oshawa Group, which owned this store, was unable to make the hypermarket a successful approach to retailing. The hypermarket finally made its mark in the United States during the 1980s. In 1984, the Bigg’s Company built the first European-style hypermarket in the Cincinnati suburb of Batavia. By 1989, there were eighteen hypermarkets in the United States, and the average size was 175,000 square feet with some stores being larger than 200,000 square feet. The hypermarket is historically based on the U.S. discount store’s economic principles of ample parking, one-stop shopping, and discount pricing. French grocery companies expanded on these retailing principles, which then reverberated back to the United States.

The economic formula for the hypermarket was to combine three retail functions—the supermarket, the discount store, and the shopping mall. Each of these retail formats was based on one-stop shopping, and the hypermarket
consolidated these three formats into a stronger, single magnet for shopping. The physical scale of hypermarkets has been epitomized by the human functions within it. Retail clerks speed about on roller skates to move from one part of the store to another. As many as fifty checkout stands serve as assembly line exits to serve shoppers. During a shopping break, people can have a hamburger and a soft drink at a McDonald's or visit a beauty parlor for a hair set. The ultimate aim behind the hypermarket is to offer the shopper as many retail goods or services as economically and physically feasible in one store.

The hypermarket approach, however, has its critics. Conceptually, it is equivalent to the comprehensive factory. When Henry Ford built his River Rouge factory, he combined the transport of raw materials, manufacturing plants for steel and glass, and car assembly plants. River Rouge was a combined factory that maximized the principle of production in one place. As Spiro Kostof, an architectural historian, noted: "At its height a huge industrial empire supported the operation of this sprawling behemoth, for Ford did not like to be dependent upon anyone... Yet Ford would learn... that grand designs do not always yield correspondingly grand results." Corporate discount chains, such as Wal-Mart and K-Mart, built hypermarkets with many of the economic principles that Ford had in mind when he built the River Rouge factory. Walter F. Loeb, a retailing analyst, said about hypermarkets: "These bigger stores probably will cannibalize businesses of other food and general merchandise stores." The hypermarket is the annihilation of architectural and economic diversity, because building types and their settings are eliminated by placing them under one roof and location.

The future of the hypermarket, like Henry Ford's River Rouge factory, is limited. River Rouge was dependent on all of its elements to be constantly in working order, but worker strikes in some parts of the factory, material shortages, and any other form of shutdown made River Rouge work at less than full capacity. Although a hypermarket's huge size enables store managers to optimize the number of clerks needed to service its square footage, there is the problem of sustaining volume sales. Debra Levin, a financial analyst, notes: "We do not expect any wide proliferation of this format. Hypermarkets basically need volumes of $100 million annual revenues to break even. This format depends on traffic from a radius of 20-30 miles... it tends to be a more difficult place to shop because of travel time and store size... with a great emphasis on everyday low pricing by many of the retailers throughout the country, it is tougher for these [hypermarket] outlets to differentiate themselves on a price basis." Whereas the hypermarkets enable powerful discount chains to concentrate their marketing efforts, price competition and the large capital investment into one store are its liabilities. The hypermarket is a huge fixed capital space that is unable to respond quickly to the changing landscape that retail investors constantly create and then dismantle.

The wholesale club format emphasizes economic inputs rather than comprehensive services as in the hypermarket. Robert Price, owner of Price Club Stores, opened the first warehouse club store in 1976, and the store format grew exponentially in the 1980s as discount chains, such as Wal-Mart and K-Mart, adapted the club approach. The reason for this economic growth was the ability of these chains to control their clientele and to bypass wholesaling functions. To capture a stable clientele, discount chains target customers who buy in bulk. Businesses, groups, and individuals are pre-screened in order to minimize bad check losses. Customers now pay an annual membership fee, which enables the store owners not only to secure an upfront profit but also to discourage shoppers who cannot afford the fee. Membership patterns are consistent nationally with 70 to 75 percent retail customers and 25 to 30 percent wholesale customers. Yet, 60 to 65 percent sales volume is from wholesale customers. Unlike the conventional retail store, the wholesale club store not only reaches retail business and customers but also replaces wholesale distributors. With shoppers buying in bulk, most wholesale club chains avoid a central distribution center, and they have manufacturers deliver their goods directly to the store. Targeting customer clientele as well as combining wholesale and retail functions were key control inputs that made the wholesale club a profitable format.

The wholesale club places a strong emphasis on inventory turnover. The key lesson from the chain stores of the 1920s and the initial supermarkets of the 1930s was that volume sales are maximized by sales per square foot. To accomplish this end, store owners limited product lines to those items that had the greatest turnover. Unlike large chain supermarkets, which sell as many as 30,000 items, warehouse clubs typically carry only 3,000 to 4,000 items. With some product lines, store managers use an in-and-out strategy for turnover. Some products are only allowed to be on the shelf for six to twelve weeks at a time. Seasonal foods and products such as jewelry and compact disks are given limited shelf life, because store managers realize that some products have an initial high turnover that slows down below desired profit levels. Given the low prices of warehouse clubs, every store item must have a sufficient turnover to produce a profit and to maintain its position on the shelf.

The warehouse club format emphasizes tight control of overhead expenses. Corporate discount chain managers locate their stores in sub-prime locations to avoid high land costs, and although the typical store averages over 100,000 square feet in size, architectural amenities are bare bones in order to hold down building expenses. Labor costs are minimized. Fifty percent of the employees are part time, and there is little or no unionization in warehouse clubs. By being open 75 hours per week as compared to 125 hours per week in a chain supermarket, store management is able to eliminate practically any overtime labor costs. In addition to reducing the on-site overhead costs, warehouse club store managers do not use advertisements.
these cost controls are possible, because corporate management has proven that shoppers are attracted by low prices more than by architectural design, store location, customer service, and advertising.

Wholesale clubs have been highly successful for a few major chains. Sales grew from $900 million in 1983 to $21.5 billion in 1990 for all wholesale clubs. But the economic benefits were concentrated into a few hands. By 1990, four chains, Sam’s Wholesale Club (of Wal-Mart), Price, Costco, and Pace (of K-Mart), had captured 86 percent of total U.S. sales in the wholesale club market. These chains quickly developed into a national oligopoly, and although some U.S. regions have yet to be fully developed with wholesale clubs, future competition is limited. Warehouse clubs require high initial investment and economies of scale that only large chains have. Moreover, established chains have saturated most metropolitan areas with one wholesale club, and they have the knowledge and resources to capture the remaining market areas. Unlike the development of the supermarket, corporate retail chains quickly dominated the wholesale club format, leaving little opportunity for independents to enter competition. Although comprising only 3 percent of U.S. food sales, the warehouse club format still demonstrated how corporate chains can capture market shares by using their large-scale operations.18

The conventional supermarket was no longer a spatial mechanism that monopolized retail growth in food merchandising. In 1980, the conventional supermarket captured 55 percent of all supermarket trade. Other market shares were 12 percent for superstores, 3 percent for warehouse supermarkets, and 5 percent for convenience stores. In just ten years these distributions changed significantly. By 1989 superstores had 20 percent of total retail trade, whereas warehouse stores and convenience stores had each increased to 11 percent of the total market sales. Although less important, food-drug combination stores and wholesale clubs were gaining an increasing share of retail sales, and the hypermarket was a potential threat. In contrast, the conventional supermarket dropped to 30 percent of total trade.19 Although other forms of retail stores shared market sales, superstores, warehouse markets, and convenience stores were the main causes of reduced sales in the supermarket.

Grocery management in the United States was changing the format of the supermarket, but the corporate structure of food retailing was changing as well. The owners of conventional supermarkets, superstores, food-drug combination stores, warehouse supermarkets, super warehouse stores, and convenience stores were often the same firms. Although varying from one firm to another, corporate chains such as A&P, Kroger, Safeway, and affiliated independents used a mixed strategy of store types to balance their sales volume. This approach reduced the possibility of a company losing its share of market trade by limiting itself to one store format. Grocery management had learned the importance of being adaptable. By continuing its economy stores rather than converting quickly to the supermarket in the 1930s, the all-powerful A&P almost met with economic collapse. Grocery management knew that the volume and design of space was critical to economic success, but they realized that no one design is immune to economic obsolescence. Multiple changes in the retail food trade led corporations to implement multiple spatial solutions to compete. The changing spatial character of retail grocery trade was economic, and grocery management’s decisions for the redesign of space were also political.

NEW STRUGGLES

The business struggles in the retail grocery business from the 1960s through the 1980s were both old battles and new ones. Grocery management continued to find technical ways to reduce labor costs through store design. Unions still strove to improve pay and working conditions for their members. Chains continued to wage corporate battles. Mergers through chain buyouts still occurred within the retail industry. But corporate chains now found themselves subject to leveraged buyouts, financial wars with corporations external to the grocery trade. The modern era of conflict between grocery management and store workers in the grocery store remained continuous and changing.

Grocery management realized that design experimentation in the supermarket gave them opportunities to reduce labor costs. Beginning in the 1960s, a significant change to reduce labor costs was centralized meat processing. By placing meat cutting work in a central facility rather than in every store, grocery management was able to reduce its meat cutter labor force. Eliminating employees literally meant eliminating work space in the supermarket. In planning for new stores and remodeling old ones, designers typically converted the work area into retail shopping space for self-service customers. The Unified Pricing Code along with price scanners significantly reduced labor costs. Grocery companies often trained cashiers to be skilled workers, and grocery management in chains had traditionally given awards to cashiers for their proficiency. But grocery management saw that the Uniform Pricing Code gave them significant controls over assessing store inventories and eliminating errors at the check stand. Cashiers using price scanners were 25 percent faster than those using conventional cash registers. Skilled cashiers who knew how to operate cash registers and had math skills were no longer needed. Cierles at a lower wage scale were able to operate price scanners, and as a result, store managers reduced their labor costs with price scanners. Union management did not favor the substitution of price scanning for item pricing with a skilled cashier, but they were unable to prevent grocery management from converting to this computer pricing system.20 There have been experiments with customers using automated self-scans with a built-in security system that will not accept any item that has not been scanned. The cashier staff is reduced to checkers who ring up receipts and accept
payment. Both corporate chains and affiliated independents have tried this automated system, but the results have been mixed. Although experimentation was not always successful, grocery management was still able to reduce labor costs through design refinements in their supermarkets.

Store workers were constantly under economic pressure from grocery management, but unionism made its national presence felt through growth in membership. From 1966 to 1978, the Retail Clerks International Association grew from 552,000 to 736,000 in membership. The Meat Cutters Union was less successful: its membership increased from 500,000 in 1968 to 529,000 in 1972, and then dropped back down to 500,000 in 1978. Central meat processing undoubtedly played a role in the reduction in union membership for the meat cutters. Yet, overall growth in the union movement was directly affected by urbanization. The population growth of American urban areas meant that more grocery stores were located in cities rather than in small towns. In rural America, union organizations faced the formidable task of organizing a critical mass of retail clerks and meat cutters who wished to form a union. Moreover, small town America sustained its independent character and less-than-accepting attitude toward unionism. The postwar migration to cities provided unions a larger concentration of workers from which to recruit.

Union growth was sometimes uneven, because there were regional differences that affected labor. Union activity in food retailing is traditionally higher in the West, Midwest, and East than in the Southwest and South. Moreover these southern regions were less urban than many other areas in the United States. As a result, supermarket workers received lower wages in the Southwest and South. But urbanization and the Sunbelt growth created better circumstances for unions to organize workers when chain concentration began in these regions. At the same time, unions grew in membership when major national chains, such as Safeway, had accretion clauses in union contracts. These clauses ensured that any new store would automatically be unionized. With population growth in the Sunbelt, major national chains inevitably built new stores, and unionism became more prevalent than before in the Southwest and South. Although still less unionized than other areas of the United States, urban growth led to greater union activity in the southern regions.

Unionism was becoming nationally stabilized in the retail food business while achieving a mixture of labor victories and losses. In 1979, the Retail Clerks and Meat Cutters Unions merged to create the United Food and Commercial Workers Union (UFCW), the largest national labor organization of the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO). This merger was emblematic of the increasing concentration of workers in urban areas and the increasing domination of fewer chains over local retail trade. Corporate labor was more clearly facing corporate chains, and organized labor had an effect. Between 1972 and 1984, the retail food unions gained victories in 57 percent of the National Labor Relation Board elections for unionization. From 1970 to 1980, food store wages increased an average of 8.4 percent which was a higher rate than the non-agricultural economy. But in the 1980s, the earnings of grocery workers declined from 85 percent of the non-agricultural economic sector in 1983 to 65 percent in 1989. This drop in income was due to grocery management placing a greater dependence on part-time workers. In 1983, 41 percent of all supermarket employees worked full time, and by 1989 it had dropped to 36 percent. Part-time employees earned less income than full-time workers, and with part-time work becoming more prevalent, the overall salary average for supermarket employees decreased. With these working conditions of part-time work, store employees became more willing to support unionization to better their incomes. By 1990, half of the chains and 12 percent of the independents were unionized. Unlike the national trend of declining unionism, unionism in food retailing was sustained in elections, but union management was not able to prevent the fall in average wages that grocery management gained by converting full-time jobs to part-time positions in the supermarket.

The stability of local market conditions also became a key ingredient for the success of organized labor. When a few corporate chains dominated the grocery trade in a metropolitan area, grocery management in those chains faced little competition, and they were able to stabilize high food prices and profits. Grocery chains were creating local oligopolies, but the domination of three or four chains meant that union management was able to concentrate its organizing efforts and contract negotiations to capture a share of the chains' profits. In some metropolitan areas, no single chain or small group of grocery chains captured a large share of the local economic market. Under these circumstances, price competition between store operators was significant, and grocery chain management was less willing to grant salary concessions to unions. At the same time, local union management was hampered in concentrating its negotiation efforts when many union contracts had to be executed for a large number of competitors. In some cases, local unions even faced difficulty in locating absentee store owners, which made unionizing efforts even more difficult. Although oligopolies created an economic hegemony over local market conditions, union management often struggled to sustain worker benefits under competitive conditions when corporate chains did not economically dominate a metropolitan region.

Corporate chain and union relations were also shaped unevenly by transitional economic conditions in metropolitan areas. Some chains made poor store expansion strategies, felt that profit margins were too constrained by high labor costs, thought that market expansion and profits were better in another city, or decided on these concerns in some combination. If a major chain exited a metropolitan area, the oligopoly of a few chains was weakened, and in many cases affiliated and non-affiliated independents filled the market gap. The chains no longer dominated the local economic market, and price competition between stores increased. Being more unionized than independents, corporate chains had more difficulty in sustaining profits due to higher
labor costs. Quite often, there was a snowball effect. As the oligopoly of a few corporate chains weakened, all major chains, such as A&P, Kroger, and Safeway, tended to leave a metropolitan area. Price competition increased further, and just as important, local unions faced monumental problems sustaining worker benefits or continuing union contracts. Unions faced a deterioration of political power as corporate chains became less powerful in a metropolitan area. Yet, the reverse conditions happened when a few corporate chains entered metropolitan areas and began to dominate market trade. These uneven transitions were beneficial or costly to grocery store workers, depending on the direction of the economic transition in a metropolitan area.

Many grocery store workers ultimately faced difficult economic conditions. Some regions of the country, such as the West Coast and portions of the East Coast, have stable chain and union relations. But even in these regions, corporate chains have left metropolitan regions. Grocery clerks and meat cutters in some metropolitan areas, such as Pittsburgh, Dallas, and Kansas City, have seen corporate chains enter their cities, create oligopolies, and then leave. Even under stable conditions within the grocery trade, national economies have played havoc with union management attempting to achieve benefits for their workers. As a result of these economic instabilities, many local unions typically found themselves reacting to their political circumstances rather than being able to be proactive.

The local economic instability that grocery store workers faced was partially due to inefficiencies and corporate takeovers in the retail food industry. Both large and small chains were affected by outside investors who saw the opportunity to exploit a corporate grocery chain's economic weaknesses. Chain takeovers were both internal to and external to the retail food business.

The first major chain to become susceptible to a corporate takeover in the 1980s was the industry's most famous company, A&P. No grocery chain historically epitomized big business in the grocery trade more than A&P, but the company had made serious mistakes since the deaths of John and George Hartford in the 1950s. Stockholders initially received good financial returns from their stock shares, but A&P's management made numerous strategic errors in maintaining the corporation's economic prominence. Too many marketing decisions were made in A&P's New York corporate headquarters rather than allowing regional managers to respond to their area needs. Moreover, A&P was not aggressive in building suburban stores, and their supermarkets lacked the location and size for complete shopping that other chains exploited. A&P eventually suffered losses, and their profit margins were minimal at best. In 1962, A&P was still the dominant corporate grocery chain with 33 percent of sales among the top ten chains, but in 1973, Safeway surpassed A&P in total volume sales and became the nation's leading grocery chain. While other major corporate chains were expanding and producing strong profit margins in the 1960s and 1970s, A&P was experiencing an economic decline.

A&P was also highly susceptible to being taken over by outside investors, because the company's pension fund was a prominent asset. A&P's Pension Plan Trust in the 1980s was worth approximately $400 million. Corporate management felt that the Trust was overfunded, because such cash assets were highly attractive to corporate raiders. A&P's corporate management did make stated provisions in the trust plan that prevented corporate raiders from capturing the Pension Plan's surplus funds, but A&P's continuous decline in business and the presence of the Pension Plan's funds made the company attractive to outside investors. By eventually gaining a controlling percentage of company stock, corporate raiders can often divert such funds for their own use. Erivan Haub, a major West German food retailer, gained a majority of A&P's stock in 1981, and soon afterward began to dismantle the Pension Plan and its surplus fund provision for A&P employees, both management and workers. A class action suit was filed against A&P by former employees, and they received a court settlement of $50 million in 1985. Other court cases ensued. Yet, Haub's ability to capture the Pension Plan Trust enabled him to underwrite his A&P stock investments. Although portions of the Pension Plan remained in place, A&P's corporate management was able to divert $275 million in employee pension funds for other investment purposes.

A&P's historic policy of using its profits to reward its employees through a retirement plan was devastated. In the end, corporate management raided the employees' Pension Fund Trust for its own profit at the expense of A&P's employees.

Although less dramatic in scale, a small chain was susceptible to a takeover when local market conditions became unstable. The Milgram chain in the Kansas City area was founded in 1913, and the chain grew and prospered. Just as A&P had done, however, Milgram's management made some poor strategic decisions. They built stores that were smaller in size than their competitors. Fewer store managers and clerks were required to run thirty stores that were 10,000 square feet in size than to operate ten stores that had 30,000 square feet. Even with an amount of total square footage equal to their competitors, Milgram's operating expenses for their stores were higher. The company's poor decisions for store expansion were compounded when major corporate chains decided to leave the Kansas City area. In the early 1970s, 60 percent of the local market was dominated by a few major chains, and this oligopoly stabilized food prices. In 1976, the Kroger Company left the Kansas City area. A&P and Kroger decided that labor costs were too high. Moreover, they needed to expand and upgrade existing stores, but the costs were too great. A&P moved out in 1982, but its stores were eventually taken over by a large local wholesaler who converted the stores to independently owned by affiliated independents. Soon afterward, Safeway vacated the Kan-
sas City area. There were no big chains left to sustain an oligopoly. The changing conditions of designed space and oligopoly led to unstable economic conditions for a local corporate chain.

This local economic instability led not only to the fall of the Milgram stores but also to the loss of wages and jobs for grocery workers. With new supermarkets being mostly non-union, Milgram was the only large local chain with union labor. Milgram faced severe economic difficulties. Its store sizes were inefficiently small. Without an oligopoly of a few big chains, price competition in the Kansas City became inevitable, and with Milgram’s labor costs being higher than its competitors, Milgram not only had to lower food prices but also to accept lower profit margins and eventually financial losses. All of these economic conditions forced Milgram’s management to sell their chain in 1984 to Wetterau, a St. Louis grocery wholesaler company. Wetterau then dismantled the Milgram chain: “all of its thirty-six stores were either closed outright or closed temporarily while new ownership was installed and the union workforce was pushed out.” The decline of an oligopoly led not only to the fall of the Milgram chain but also to the decline of unionism in the metropolitan area.

The leveraged buyout of Safeway was a major takeover conducted by investors external to the retail food industry. Corporate takeovers, such as with A&P and Milgram, were accomplished by companies within the food industry. Safeway, on the other hand, was purchased by leveraged buyout investors who borrowed heavily to buy a majority of Safeway’s public stock and then made the company private. Taking control of management, they sold portions of the company’s assets and used its cash flow to pay for their stockholding debts. Herbert and Robert Haft began to buy Safeway stock in the open market in 1985, and they offered to buy the company at $64 a share. Safeway management feared that this buyout would result in the dismantling of the company. To avoid this outcome, Safeway officials sold their chain in 1986 to Kohlburg Kravis Roberts and Company, KKR, which gained 73 percent of Safeway’s common stock at the price of $3,105,000,000. At the time, Safeway was the largest corporate food chain in the United States, and its buyout demonstrated that the retail food industry was easily subordinated to the economic power of financial investors.

Corporate profits were substantial in the Safeway leveraged buyout. Shareholders gained an 82 percent rise in their stocks at the time of the buyout as compared to stock prices three months earlier, and warrants to their stockholdings awarded them almost 6 percent ownership in the company. Safeway’s corporate executives made $28 million in the sale, and they were able to buy 10 percent of the new Safeway Company at $2 per share, which later increased to more than $12 per share. The Hafts made $100 million by selling their shares to KKR, and as a consolation prize, they were given the option to buy 20 percent in new company shares. Soon afterward, the Hafts sold their option to KKR for $59 million. KKR charged Safeway $60 million in fees to put the company sale together, and the firm acquired a 20 percent share of eventual profits from any sale of Safeway. Investment banks received $65 million, and law and accounting firms received $25 million in the sale. Investors’ profits in the leveraged buyout of Safeway were extensive.

Financiers’ profits came at the expense of Safeway’s work force. Corporate management sold 1,100 of its 2,235 stores, and the labor force to support these stores was eliminated as well. More than 300 staffs from the company’s corporate headquarters were released. The major job cutbacks, however, were store managers, grocery clerks, meat cutters, and other support employees. Moreover, the reduction in Safeway’s labor force was uneven, because corporate management decided to remain in some regions but pulled out altogether in some cities. In Dallas, Texas, the entire area division was terminated, and almost 9,000 Safeway employees, who had an average of seventeen years of service, were fired. Local grocery competitors bought over half of Safeway’s stores, but they were unwilling to hire unionized workers. Former Safeway employees who found work at other grocery stores received new salaries that were half of their previous hourly rates. Just as important, their new store employers typically demanded that they work part-time, and without full-time employment status, these ex-Safeway employees lost their medical benefits. Safeway management also made life difficult for their former employees whether or not they found new employment. Severance paychecks from Safeway’s headquarters were late coming. Former employees were often unable to pay household bills and outstanding loans, and they often had their automobiles and homes reclaimed by loan agencies. Life became so desperate for some former employees that they had heart attacks, attempted suicide, or succeeded in killing themselves. Safeway’s leveraged buyout laid waste not only to jobs and work places of grocery workers but also to their social well-being and homes.

The same leveraged buyout tactics used on Safeway were applied in 1988 to the Kroger Company, the nation’s largest chain. Kroger’s attraction to investors was that its parts were worth more than its whole. The chain included 1,300 supermarkets, 935 convenience stores, and 38 manufacturing units, and these assets were easy for investors to divide and then to sell at a profit to other competitors. Yet, Kroger’s fixed capital assets were not as attractive as Safeway’s. Ninety percent of Kroger’s stores were leased, whereas Safeway owned its real estate. Although its lease arrangements made Kroger less attractive to outside investors, they knew that these lease arrangements could be sold to competitors who wanted new store locations. Seeing the potential of these assets, Herbert and Robert Haft once again began to execute a leveraged buyout, but this time, they were out-maneuvered by Kroger’s corporate management. Under the leadership of Joseph Pilcher, Kroger officials devised a plan that offered “shareholders a hefty dividend and employees a
labor costs. Quite often, there was a snowball effect. As the oligopoly of a few corporate chains weakened, all major chains, such as A&P, Kroger, and Safeway, tended to leave a metropolitan area. Price competition increased further, and just as important, local unions faced monumental problems sustaining worker benefits or continuing union contracts. Unions faced a deterioration of political power as corporate chains became less powerful in a metropolitan area. Yet, the reverse conditions happened when a few corporate chains entered metropolitan areas and began to dominate market trade. These uneven transitions were beneficial or costly to grocery store workers, depending on the direction of the economic transition in a metropolitan area.

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significant ownership stake in what remains a public company. Unlike Safeway, Kroger's corporate management chose to prevent a leveraged buy-out.

Even without a takeover, the threat of a leveraged buyout caused gains and losses within the Kroger Company. In addition to stockholders' dividends, the company's recapitalization resulted in corporate executives receiving $17 million in benefits and corporate consultants being paid $25 million in advising fees. To finance its recapitalized debt, Kroger's corporate management had to make cutbacks. Over three hundred staff people at its headquarters were released. With the sale of one hundred stores and other operations, Kroger officials fired more than four thousand employees. Terminated Kroger employees, however, were compensated with severance pay and medical benefits that were far greater than ex-Safeway employees received. But these cutbacks in the work force were insufficient to cover the costs of the leveraged buyout war. To lower overhead costs in order to pay for outstanding company loans, store employees' salaries were cut 9 percent. Although Kroger employees did not suffer economically as much as Safeway's work force, there was a repeated pattern. A leveraged buyout, whether threatened or realized, resulted in financial investors and corporate executives reaping capital gains, whereas the company work force suffered job losses and pay cuts to finance these capital gains.

During the 1980s, some retail clerks became frustrated with corporate chains that treated the supermarket mainly as a financial investment rather than a productive place to work. Retail clerks made critical comments about their work loads and their ability to be productive.

One A&P cashier complained about her work load:

I was hassled till I almost fell off my feet. They drove us dizzy with check-outs at all kinds of crazy prices. ... I was so weak from bagging, bagging, checking, checking. And what was it for? It was to wipe out my own job! We were worked to a rag just so they could make a little bit more on us before they locked us out of the jobs we needed to eat. God, I tell you, there I was checking out my own damned life."

Speaking about job training and management, union members of Local 1387 of the United Food and Commercial Workers in Philadelphia said:

You get a one-day orientation and then you're at it. You have to understand. There's turnover and shift changes and switching around of clerks, and what the hell, you can't figure out what's going on. One guy tells you one thing, another guy tells you something else. It's a wonder anything gets done right when people have to sort of figure it out as they go along."

Wendell Young, a union organizer who had worked for Food Fair and Penn Fruit, noted the dilemmas of spatial efficiency as related to worker conditions:

Even when the market chains invest in major overhauls, they leave out the most important elements. One chain had a whole network of shabby stores. They poured money into redecorating, but they really didn't change the terribly inefficient way the company operated... supermarket space is some of the most expensive floor space in the merchandising field. Yet, the inefficiency is such because of poor employee morale and poor management that literally millions of dollars are lost weekly to loss of productivity and service.

In response to such conditions and the need to save jobs, A&P workers in Philadelphia established a worker cooperative. When Erivan Haub took control of A&P in 1981, he proceeded not only to gain control of the Pension Plan Trust but also to close numerous A&P stores, which he deemed insufficiently profitable. In reaction, Philadelphia A&P clerks worked through their local UFCW unions to save their stores. As head of one UFCW local, Wendell Young, recommended to union members that they buy out all of A&P's thirty-two Philadelphia stores. Young and other union leaders had to address union workers' fears. A&P management was initially taken aback that workers were willing to invest in stores that A&P had been unable to achieve desired profit margins. In 1982, both parties came to an agreement. A&P reopened twenty stores under a new labor agreement of higher wages. Employees were now able to participate in a special trust fund that permitted employees to share in market profitability through incentive bonuses. One percent of gross sales went into the employees trust fund and was owned by the employees. A critical provision in the final agreement was that workers had the option to take over stores that A&P decided to phase out. To organize for these buyouts, grocery workers pledged their savings to the O&O Corporation, Owned and Operated. The O&O Corporation was the management group that administered these worker-cooperative stores. Unlike other grocery chains, the O&O Markets are owned and operated by their workers. Union leadership demonstrated that the management-worker division was not inevitable in the grocery business.

With all its innovations, the worker-owned O&O Markets remained a rare response to the financial manipulations of large grocery chains. Many retail clerks and meat cutters lost their jobs or feared unemployment. They were less knowledgeable and less economically liquid than major investors such as Erivan Haub, the Haft brothers, and Kohlburg Kraus Roberts and Company. At the same time, financially stable corporate chains and affiliated independents had no interest in helping to create worker cooperatives. As a result, investment in supermarkets remained under the domination of corporate chains and affiliated independents.

The business struggles from 1960 to the present were uneven in their outcomes. On the one hand, grocery management found new ways to configure store space that allowed grocery chains and independents to minimize labor costs. On the other hand, union membership grew, and union leadership...
was able to gain higher wages and better benefits for grocery store employees and, in rare cases, it helped to establish worker-owned stores. Corporate grocery chain management increasingly faced an equivalent organizational framework from organized labor as retail clerks and meat cutters consolidated their unions into the United Food and Commercial Workers Union. But the union movement was unable to counter all of the grocery chains' economic strategies. When corporate chains moved out of metropolitan areas, the oligopolies of a few chains collapsed, and local unions were not always able to sustain unionism when local affiliated and non-affiliated independents hired non-union employees. Mergers and leveraged buyouts often eliminated not only local oligopolies but also stores and their work force. Corporate management redesigned the grocery store to reduce its labor force requirements, and corporate takeovers often annihilated the workplace altogether. Management (of corporate chains and of all independents) was constantly dismantling the supermarket's design and location only to reconstruct it for more profitable ends at the expense of unionized labor.

**THE MODERN PARADE**

The retail grocery industry entered the 1960s with hopes for a bright future, and the supermarket was the flagship for that future. Location and architectural design were initial spatial concerns of grocery management. In an age of economic prosperity, they realized that design efficiency was no longer enough. Supermarkets had to be visually appealing to attract customers to locations that maximized sales. But in a prosperous age and a changing society, the conventional supermarket was no longer able to monopolize retail grocery trade. Today there is a parade of various store types, both larger and smaller than the conventional supermarket. The expanding market economy of the retail food industry could not be confined by a single design configuration of the grocery store space.

The grocery store parade of the modern era was a series of innovations and confrontations that intensified economic competition in the retail food industry. The emphasis on architectural aesthetics and store location enabled store owners to attract customers and persuade them to extend their shopping trips. Supermarkets became larger in size to handle a more diverse set of products, and different store types—from the convenience store to the warehouse market—provided shoppers with more alternatives to meet their needs. Grocery management used these devices to expand their economic markets or to capture others. All of these innovations were profit motivated, but the search for profits brought on demands by labor to share them. The other half of the parade was grocery management's attempts to control costs, mainly labor. Efficiency in store design, mechanical devices such as price scanners, the formation and dismantling of oligopolies, and leveraged buyouts were all corporate tactics to minimize labor costs or to eliminate organized labor.

Capital formation and its dissolution in the grocery store were physically designed and administratively manipulated by grocery management to sustain their economic power over an increasingly organized labor force of grocery workers.