Potential gains in efficiencies in the dairy and frozen food departments of supermarkets have been evaluated recently by the Economic Research Service, USDA. Capital, energy and direct labor costs associated with the alternative types of equipment were considered.

Within the dairy department, three types of display equipment were evaluated: (1) front-load multideck; (2) rear-load multideck; and (3) rear-load dolly. The analysis showed that the rear loading dolly system, and to a lesser degree the rear-load multideck can produce savings over the more conventional front loading multideck cabinet. To achieve maximum savings, however, a special type of milk case would have to be used which may have implications for increased vertical coordination between the supermarket and the milk supplier. To achieve the potential savings the person working in the dairy department would have to follow proper stocking procedures and then use his released time in other productive endeavors. This implies that training is important.

For the frozen food department (1) multideck; (2) coffin; and (3) glass door reach-in types of display equipment were evaluated. Three different methods of stocking shelves also were examined in the frozen food department: (1) full-case stocking three times a week; (2) full-case stocking four times a day; and (3) half-case stocking four times a day.

The analysis showed that the lowest cost system in the frozen food department was a glass door reach-in type of display cabinet, stocked often with partial cases of product. The additional back-room storage costs and the additional labor required by frequent stocking were more than offset by the cost of the reduced space per item in the display cabinet. It was found that the multideck frozen food cabinet is generally the most costly of the three types, though probably most appealing from a merchandising point of view. The study also showed that increasing the throughput of the frozen food department reduced the direct cost per unit of sales.

Even though the magnitude of savings in both the frozen food and dairy departments was not shown to be huge, the savings are nevertheless significant. The savings for dairy were shown to be from one half to one percent of dairy sales, and for frozen from 6 percent to 30 percent of frozen food sales. By applying careful analysis and using feasible technical innovations or managerial strategies, operators regardless of size may be able to increase their profits and/or help hold down the cost of food to the public.

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