FOREIGN INVESTMENT IN U.S. FOOD RETAILING INDUSTRY: SOURCE COUNTRIES, CAUSAL FORCES AND CONSEQUENCES

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Much of the literature on foreign investment focuses on manufacturing industries. A number of plausible theories have been proposed and to some extent tested concerning foreign investment in manufacturing. However, the body of literature has little to say about foreign investment in retailing. In part, this may reflect the relative unimportance of such investments vis-a-vis those in manufacturing. This paper examines the nature and extent of foreign investment in U.S. food retailing, the characteristics of foreign firms that have invested, the economic forces that appear to have influenced foreign investments, and the impact of these investments on U.S. firms and markets.

The Growth of Foreign Direct Investment in U.S. Food Retailing: An Overview

Foreign direct investment in the U.S. food retailing sector is largely a phenomenon of the past decade. With the exception of the entrance into the U.S. market by the Canadian firms, Loblaw and George Weston, entry by non-U.S. firms did not occur until the 1970s. In fact, the first three firms to enter the U.S. market were primarily food or tobacco manufacturers (George Weston, Cavenham, British American Tobacco).[1] It was not until 1974 that foreign firms that were primarily food retailers entered the U.S. food retailing market.

Table 1 gives a breakdown of foreign investments in the U.S. food retailing industry according to the home country of the investor. The

Table 1. Percentage Breakdown of U.S. Food Retail Sales by Foreign Owned Affiliates, 1971-1980, Classified by Nationality of Parent Company

Country	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Total Domestic Sales of Foreign Affiliates										
(Mill $)	1944	1589	2770	3461	3711	4008	4331	5876	14134	18984
% Annual Growth Rate		-18.3	74.3	24.9	7.2	8.0	9.5	32.6	140.5	34.3
% of Sales by Country of Parent Company										
Canada	100.0	87.1	33.7	40.5	39.7	34.9	24.7	17.8	10.2	9.0
U.K.		12.9	12.4	11.6	9.4	9.2	9.0	7.5	3.9	3.3
U.K.-France[a]			53.9	45.2	43.4	40.5	37.2	40.8	22.2	19.1
France							.5	5.0	3.4	1.6
Germany					4.0	11.1	15.0	16.0	53.5	58.8
Netherlands							8.6	7.6	3.8	3.2
Belgium				2.6	3.5	4.3	4.9	5.1	2.9	4.7
Japan		b	b	b	b	b	b	b	b	.1
Totals	100.0	100.0	100.0	99.9	99.9	100.0	99.9	99.8	100.0	99.8

[a]These represent the investments by Cavenham Ltd., a British company, and its parent, Generale Occidentale, a French holding company. Both companies are controlled by Sir James Goldsmith, a citizen of both France and Great Britain. Grand Union, Colonial Stores and Weingarten are the U.S. companies acquired.

[b]Sales are not available, but estimated as less than 1% of total.

Sources: Seigle, N. and C.R. Handy, "Foreign Ownership in Food Retailing," National Food Review, Winter 1981.
Food Institute Staff Report, "Foreign Investors Continue Their Interest in U.S. Retailers," Weekly Digest, May 9, 1981.
Moody's Industrials, various years.
Progressive Grocer "Annual Report of the Grocery Industry," April 1982 (and earlier years).
Directory of Supermarket Grocery and Convenience Store Chains, 1977, 1979, and 1981 edition. New York, N.Y.: Business Guides, Inc.

table indicates that the overwhelming majority of sales of foreign owned food retailing affiliates is accounted for by five European countries--Germany, the United Kingdom, France, Netherlands and Belgium--plus Canada. The percent of foreign investment accounted for by Canadian investors dropped sharply from 100% in 1971 to 9% in 1980 as nearly all the investments during the 1970s came from European countries.

The source countries of foreign owned retail affiliates are all characterized by high per capita income levels and thus conform to the general pattern found for foreign direct investment in the U.S. However, two small countries that are significant investors in the U.S.--Switzerland and Netherlands--either have no food retail affiliate in the U.S. (Switzerland) or are under-represented in food retailing compared to their prominence in other sectors of the U.S. economy. In 1980, Switzerland and the Netherlands accounted for 9.6% and 16.3% respectively of total foreign investment in manufacturing in the U.S. (Chung and Fouch). The Netherland's share of foreign food retail sales was 3.1% for that year. Compared to manufacturing companies, which can grow by exports as well as domestic sales, the size of food retailing firms tends to be more limited by the size of their home markets. Consequently, there may be fewer food retailing firms in small countries that have reached a size large enough to undertake investments in the U.S.

The increased significance of the Continental European firms in food retailing in recent years - as indicated in Table 1 - is a reflection of a process that is apparent in other types of foreign direct investment in the U.S. For example in the period 1974-78, the four Continental European countries that are foreign investors in food retailing increased their proportion of total foreign investment in manufacturing from 20.5% to 32.2%. (Department of Commerce, April 1976; Fouch and Lupo)

The second line of Table 1 indicates the annual growth rate in sales of foreign owned affiliates in the period 1972-80. A marked acceleration in the growth rates in the period 1978-80 is evident.[2] Higher growth rates in the post 1977 period is characteristic of a wide range of foreign direct investments in U.S. industry. The accelerated growth rate has been attributed to the depreciation of the dollar against major foreign currencies and an improved U.S. economy as compared to the 1974-77 period. (Howenstine, p. 36)

In the period 1972-80, foreign owned affiliate food retail sales accounted for an increasing proportion of U.S. grocery store sales. In 1972, the share of foreign owned affiliates in U.S. grocery store sales was 1.7%; and in 1977 the corresponding figure was 3.0%. (Census of Retail Trade, 1972, 1977) As a result of the high growth rate in the period 1978-80, the share of foreign owned affiliates in total grocery store sales had increased to 9.4% in 1980. (U.S. Department of Commerce, 1981)

While foreign investment in U.S. food retailing mushroomed during the 1970s, U.S. food retailing companies have been content to be home-bodies for the most part. Table 2 gives a breakdown of outward and inward foreign direct investments in U.S. food retailing by country. By 1980, inward foreign investments were nearly four times as large as outward foreign investments in food retailing. Among the countries with investments in the U.S., only for Canada did U.S. outward investments

Table 2
Distribution of United States Outward and Inward Foreign Direct Investment in the Food Retailing Sector by Country, 1980

Country	Outward Investments: # of Firms	Outward Investments: Sales of Affiliates of U.S. Firms	Inward Investments: # of Foreign Firms	Inward Investments: Sales of Affiliates of Foreign Firms	Outward Investment / Inward Investment
Canada	2	2597[1]	2	1470	1.77
Mexico	1	974	-	-	-
United Kingdom	2	764[2]	3	2432[3]	.31
Germany	1	128	6	11757	.01
France	1	261	2	1813[3]	.14
Netherlands	-	-	1	606	.00
Belgium	-	-	1	908	.00
Japan	-	-	2	77	.00
Australia	1	501	-	-	-
South Korea	-	-	N.A.	N.A.[4]	-
Hong Kong	-	-	1	.5[5]	-
All Countries	5	5225	18	19356.5	.27

[1] Includes $579M of sales attributed to A & P.
[2] Includes only sales for Safeway. Sales for Southland Corporation are not available. Southland is reported to own 13 convenience stores in the U.K.
[3] Affiliate sales of Generale Occidentale (Fr.)/Cavenham are divided evenly between France and the United Kingdom. In 1980, these sales were $3626 million.
[4] As of Ca. 1980, Korean nationals own about 20 grocery stores in Hawaii.
[5] Based on 1976 data on foreign investment in Hawaii.

Sources: Dun and Bradstreet, Moody's Industrials, 1981 (New York).
Progressive Grocer, 48th and 49th Annual Report of the Grocery Industry; April 1982 and April 1981.
1980 Annual Reports for Safeway.
A & P Jewel and Southland.
U.S. Dept. of Commerce, International Trade Administration, Foreign Investment in the United States: Geographic Studies, Hawaii (Washington D.C, 1980).
Directory of Supermarket, Grocery and Convenience Store Chains, 1981 Edition (Business Guides, Inc.: N.Y., 1980).

exceed the inward investment in 1980. The difference between outward and U.S. inward investment is a reflection not only of the tendency of U.S. firms to stay at home, but divestments on the part of some major U.S. food chains. In the 1970's, both Supermarket General and Jewel Companies sold their equity interest in leading French and Belgian retailers, respectively.[3] (Moody's Industrials; Jane's Companies of Europe)

Of the major U.S. grocery chains, only Safeway, A&P, Jewel and Southland had investments in foreign food retailing operations in 1981. Safeway had the most extensive foreign investments with about one-fourth of its sales coming from outside the U.S. In 1979, A&P itself became a "foreign affiliate" when Tengeleman acquired 42 percent of A&P stock. Foreign investments in food retailing have not followed the pattern sometimes found in manufacturing in which reciprocal foreign investments occur (e.g., Germany chemical companies invest in U.S. and U.S. chemical companies invest in Germany).

The United States is the leading host country for Canadian, European and Japanese food retailers. Of the 33 largest non-U.S. food retailers (see Appendix Table A2), 16 have at least one foreign affiliate and 13 of these firms have an affiliate in the United States; the second ranking host country is Spain with 5 companies. In contrast, Germany and the United Kingdom are each the host to two companies and none of the non-U.S. firms have an affiliate in France.

The geographic distribution of foreign direct investment in food retailing (measured in terms of food stores) by the 16 foreign investors is indicated in Table 3. The United States accounted for nearly three quarters of investment by the largest food retailers; measured on a per capita basis (shown in Table 4), the United States is second only to Ireland. The relative high ranking of the United Kingdom stems largely

Table 3
GEOGRAPHIC DISTRIBUTION OF FOREIGN DIRECT INVESTMENTS BY LEADING NON U.S. FOOD RETAILING FIRMS: NUMBER OF FOOD STORES CLASSIFIED BY AFFILIATE'S COUNTRY AND NATIONALITY OF PARENT COMPANY[a] 1980

Affiliate's Country	Nationality of Parent Company: Canada	U.K.	U.K.-France	France	Germany	Netherlands	Belgium	Japan	Total	%
North America										
Canada					113[b]				113	2.5
United States	240[c]	77	857	180	1603	103	200	5	3265	73.7
Europe										
United Kingdom	707			6					713	16.1
Ireland		60							60	1.3
Germany	200			N.A.					200	4.5
Spain				23		5			28	.6
Denmark					N.A.[c]					
Netherlands					N.A.					
Switzerland				2					2	.04
Italy				3					3	.06
Austria					40				40	.9
Latin America										
Brazil				8					8	.2
Guam								N.A.		
Totals	1147	137	857	222	1756	108	200	5	4432	99.9

[a]For a few firms, number of food stores owned by their affiliates are not known. Firms (and their affiliate country for which number of food stores are not available are: Aldi-Albrecht (Denmark, Netherlands, Austria); Docks de France (Spain); Promodes (Germany); Radar (Spain); Seiyu Stores (U.S.), Tesco (Ireland).
[b]Refers to the Canadian affiliate of A & P.
[c]Includes 19 stores of Smitty's, acquired in 1981.

Source: Jane's Companies of Europe, 1979-1980 edition (New York: Franklin Watts Inc.)
Moody's International Manual, 1982 (New York: Moody's Investor's Services, 1982)
Supermarket News, various issues
Financial Times (London), various issues

from an old investment; the acquisition of Fine Fare by the George Weston group in 1957.

Tables 2 - 4 indicate that the major European countries that have invested in the United States have in general not been major host countries for foreign direct investment in food retailing. This pattern differs from that found for manufacturing investments, where European countries have invested in each other's markets. (Franko, 1976)

One possible explanation for the one way investment in food retailing is the existence of regulations in the European countries that have placed various limitations on where large supermarkets could be built and consequently has made these markets unattractive to foreign investors as well as providing an incentive for domestic retailers to expand abroad.

Table 4
Ranking of Country by Inward Foreign Direct Investment Per Capita (Measured in Terms of Food Stores per Million Inhabitants) Attributed to Leading Non U.S. Food Retailers

Country	Per Capita FDI
Ireland	17.8
United States	14.8
United Kingdom	12.7
Austria	5.3
Canada	4.8
Germany	3.3
Spain	.7
Switzerland	.3
Brazil	.06
Italy	.05

Sources: See Table 3.

Developments in the European Food Retailing Sector

A number of changes in the European food retailing sector in the 1960s and 1970s explain, in part, the recent interest of European firms in foreign investment in U.S. food retailing. These developments are the supermarket revolution, the growth in the size of the largest food retailing firms and the merger movement in the European food retailing industries.

The supermarket revolution hit major European countries considerably later than in the U.S. Table 5 indicates that whereas the U.S. had about 125 supermarkets per million population, European countries had less than 10 per million. By 1972, the figures were 164 for the U.S. vs. 38 to 55 for major European countries (except Italy) (Commission of the European Communities; Euromonitor Review-1973). Between 1961 and 1971, the number of supermarkets in six European countries (Belgium, Italy, Germany, France, Netherlands, U.K.) increased 20 times; from 1971 to 1975 another 50 percent increase in numbers occurred.

The sales of European retailing firms indicate that growth was brisk throughout the 1970s. Table 6 shows that in 1971, only two of the 10 leading independent European grocery chains had sales over $500 million. By 1980, the sales of all but one of the ten exceeded $2 billion. On average, their 1980 sales were eight times their 1971 sales (Euromonitor Review, 1975; Moody's International). By comparison, the 20th largest U.S. grocery chain had sales of $561 million in 1971 and $1.2 billion in 1980. Whereas in 1971, only 2 of the ten European chains were comparable in sales volume to the top 20 chains in the U.S., by 1980, all 10 had comparable sales volume (Progressive Grocery, 1973,

Table 5
Density of Supermarkets and Hypermarkets in 7 European Countries: Selected Years[a]

Country	No. of Supermarkets per Million Inhabitants 1961	1966	1971	1975	1979
Belgium	2.0	19.8	47.0	72.4	
Denmark	N.A.	76.0	57.9	98.9	
Germany	4.5	21.8	48.6	67.7	77.9[b]
France	1.0	11.9	35.8	51.4	70.0
Italy	.3	3.5	10.0	15.4	
Netherlands	.6	14.3	39.4	66.0[c]	
United Kingdom	1.4	11.6	37.9	49.9	
U.S.	123.0 (1963)	137.0 (1967)	163.7 (1972)		

Number of Hypermarkets per Million Inhabitants

Country	1972	1975	1979
Belgium	4.8	7.1	
Denmark	.1	3.4	
Germany	6.0	8.7	20.6[b]
France	2.8	5.5	7.3
Italy	.02	.1	
Netherlands	1.3	2.2	
United Kingdom	.4	1.5	4.4

[a]Supermarkets have a sales area of 400-2500 sq. m.; hypermarkets have a sales area exceeding 2,500 sq. m.

[b]For 1979, stores with sales area of 1500-4000 sq. m. are included in the hypermarket category.

[c]As of January, 1974.

Sources: Euromonitor Review "The Changing Face of Retail Trade," Aug. 1973.
Commission of the European Communities, The Aspects of Establishments, Planning and Control of Urban Retail Outlets in Europe, (Brussels, 1977), Table 1, N11, N12, N14.
Euromonitor Review, "Special Report: Food Retailing in the EEC," Issue 6, 1980.

Table 6: Sales of Leading Independent European Food Retailing Firms, 1971 and 1980

Firm	Country	($ Mill.)[a] 1971 Sales	($ Mill.)[a] 1980 Sales	1980 Sales / 1971 Sales
Tesco	U.K.	765	4,345	5.68
Sainsbury	U.K.	669	3,793	5.67
Carrefour	France	419	4,518	10.78
Casino	France	420	2,153	5.13
Radar	France	384	2,100	5.46
+Docks De France	France	318	2,600	8.18
+Tengelmann	Germany	458	3,520	7.68
+Albrecht	Germany	336[b]	6,000	17.86
+Ahold	Netherlands	404	2,735	6.77
+Delhaize	Belgium	190	1,623	8.54
				8.2 Av.

+Companies which have acquired U.S. food retailing companies.

[a]Sales are expressed in current U.S. dollars

[b]1972 sales

Source: "Leading Retailers in Europe," Euromonitor Review, Vol. 7, No. 1, Feb. 1975, p. 65-69.
Moody's International Manual, 1981. (Moody's Investor's Services: New York, 1981).

Dr. Ernst Schaacke, Die Grossen 500.

1982). The substantial increase in the size of these firms may have given them the financial and organizational resources to undertake foreign investments.

Several European firms that have invested in the U.S. food retailing industry have also engaged in acquisitive activity at home. The largest acquisitions and mergers in the European food retailing sector are listed in Table 7. Among the larger independent food retailers that have invested in the U.S. (listed in Table 6) acquisitiions at home has been an important factor in the growth of at least 3 firms in particular periods. In 1971, Tengelmann increased its sales 80% with the acquisition of Kaiser, a large German food retailing firm. Subsequently, in the period 1971-1973, Tengelmann doubled its sales from 1500 million DM to 3000 million DM. The substantial increase in Tengelmann's sales in this 2 year period is largely due to acquisitions. (Greipl) In 1972, Ahold increased its sales 18% with the acquisition of Simon de Wit. In 1980, Docks de France acquired two large French retailers: Cofradel (1980 sales of $800M) and Ruth Picarde (1980 sales of $679M).

Among those firms that have invested in the United States whose primary industry is (or was) other than food retailing, Cavenham, BAT Industries and Promodes have all made significant acquisitions in their home food retailing industries. In 1971, Cavenham became the 6th largest food retailer in the U.K. with the purchase of two medium sized grocery chains; in 1972, it acquired Allied Suppliers, the 2nd largest U.K. food retailer. (Development Analysts Ltd.) In general Cavenham has been a highly acquisitive firm both at home and abroad. The 1976 edition of the Financial Times International Yearbook noted that its

Table 7
MAJOR ACQUISITIONS IN THE EUROPEAN FOOD RETAILING INDUSTRY, 1971-1980

Acquiring Company	Yr	Sales (Yr. Prior to Acquisition) ($ Mill)	Acquired Company	Sales (Yr. Prior to Acquisition) ($ Mill)	Comments
*Albert Heijn (name changed to Ahold in 1973 (Netherlands)	72	404	Simon de Wit	67	At date of acquisition A. Heijn and Simon de Wit were respectively the first and third food chains in the Netherlands
*British-American Tobacco (present name BAT Industries) (United Kingdom)	72	2262	International Stores	324	In 1971, International Stores was the fourth largest food chain in the U.K.
*Cavenham (United Kingdom)	72	307	Allied Supplies	697	In 1971, Allied Supplies was the second largest food retail chain in the United Kingdom
*Docks de France (France)	80	2600 (for the year 1980)	Ruthe Picard (67% interest)	697	
	80		Cofradel (47% interest)	800 (1980 sales)	In 1974, Cofradel ranked #12 among food distribution firms (in terms of sales) in France
*Generale Occidentale (France)	77		Cavenham	2923	
*Promodes (France)	79	1659	Goulet-Turpin	311	In 1974, Goulet Turpin ranked #17 in terms of sales among French food distribution firms
*Rewe-Liebbrand (Germany)	76	610	Frankfurter Latscha	146 (Estimated)	
Argyll Foods (U.K.)	82		Allied Suppliers		Generale Occidentale sold Allied Suppliers to Argyll Foods for $234.6M. Allied Suppliers holds 4.6% of United Kingdom's packaged grocery market

Table 7--Con't.

Acquiring Company	Yr	Sales	Acquired Company	S.	Comments
*Tengelmann (Germany)	71		Kaiser		Tengelmann's sales increased 80% with acquisition of Kaiser. In 1971, the Tengelmann/Kaiser Group was the leading German food retail chain with sales of $643M
*Wertkauf Mann (part of Hugo Mann Group)	76	363	"Kaufpark" Enterprises (formerly part of Latscha Group)(2)	76	
Inno-BM (Belgium)	74	447 (1972-73)			Inno-BM and G B Enterprises are both diversified retailers that merged in 1974. In 1972, G B Enterprises and Inno-BM were the #1 and #2 diversified retailing firms in Belgium. According to 1977 data, GB-Inno-BM is Belgium's largest retailer and second largest supermarket operator
G B Enterprises (Belgium)	74	496 (1972)			
These two firms merged to form GB-Inno-BM					
Major Acquisitions in European Food Retailing Prior to 1970					
*Associated British (Foods (U.K.)	57		Fine Fare (U.K.)		A series of acquisitions by Fine Fare enabled this firm to become the 4th largest food retailer in the U.K. (in terms of sales) by 1971. Of the 6 leading U.K. food chains, Fine Fare achieved the highest rate of growth in sales in the period 1968-74
Montedison (Italy)	66		Standa		Standa is Italy's largest retailing firm, but has been losing money in recent years (1976, 77, 79). Montedison is reported seeking a buyer for Standa

*Indicates an investor in U.S. food retailing.

Sources: Greipl, E. Untersuchung Zur Konzentrationsentwicklung in der Nahrungsmitteldistribution in Deutschland (Brussels, 1978)
Development Analysts, Ltd., A Study of the Evolution of Concentration in the Food Distribution Industry for the United Kingdom (Brussels, 1977)
Jane's Companies of Europe, 1973-1980 editions (Franklin Watts, Inc., New York)
Moody's International Manual, 1982 (New York: Moody's Investor's Services, 1982)

"expansion since 1965-66 when sales were only 25M (U.K. pounds) has been facilitated by a policy of acquisitions." (p. 374). Sales in 1975 were 1400 M (U.K. Pounds)

BAT Industries has also been a highly acquisitive firm in a diverse number of fields, both at home and abroad. In 1972, BAT Industries acquired the fourth largest U.K. food retailer, International Stores; the following year, its food retailing sales in the U.K. increased 25% with the acquisition of another grocery chain. (Development Analysts Ltd.) Since the mid 1960s, BAT Industries has diversified out of tobacco by acquiring (in addition to food retailing firms) department stores, paper and packaging concerns, and cosmetic companies. In 1980, Promodes, a French food wholesaler and retailer, increased its sales by more than $300 million with the acquisition of the food retailing firm, Goulet-Turpin.

In sum, acquisitive activity in the European food retailing sector appears to have spilled over to the United States. Firms possessed with the financial and organizational resources to undertake investments abroad have looked beyond their national borders for suitable firms to acquire.

Developments in the United States

Because of the size of the U.S. market and its political and economic stability, it has been an attractive country for foreign investments for some time. This attractiveness was increased by the economic circumstances in the 1970s. A substantial weakening of the U.S. dollar in the late 1970s together with a depressed stock market created an ideal buying environment for European companies. Since European stock markets have traditionally given higher market ratings to companies in retailing than U.S. stock markets, there was a considerable under-valuation of the stocks of U.S. retail companies by European standards. (Stopford, p. 11; U.S. Dept. of Commerce, April 1976, Vol. 5, p. G-200)

Table 8 indicates the appreciation of the major Continental European currencies against the dollar. In 1979, when Continental European currencies enjoyed their most favorable relationship to the dollar, they had the following purchasing power in the U.S. compared to 1970: Germany--211%; France--137%; Netherlands--190%; Belgium--177%. By contrast, the British pound weakened during the 1970s relative to the dollar, hitting a low point in 1976. The variation in the value of European currencies against the dollar appears to correspond to both the time pattern of investments in U.S. food retailing and to the prominent role of certain countries in this investment.

In sum, foreign direct investment in United States food retailing appears to be the result of a conjunction of developments that occurred in the 1970s. At the same time that the United States was becoming an attractive place for foreign investors, European food retailing firms were developing the marketing, organizational and financial capabilities necessary to compete with United States retailers on their own turf.

Methods of Entry and Patterns of Ownership

Table 9 shows that as of 1982, 19 foreign investors held 10% of more of the stock in U.S. food retailing affiliates. In addition, 3 other firms have in the past held a direct foreign investment interest in a U.S. food retailing affiliate, but subsequently exited from the system.[4]

For a number of reasons, it is desirable to know how foreign firms

Table 8
Reevaluation of Major European Currencies
Against the 1970 Dollar: 1971-1981[1]

Year	United Kingdom	Germany	France	Netherlands	Belgium
1971	6.6	11.6	5.4	10.8	11.0
1972	-1.8	14.0	7.8	11.4	12.7
1973	-2.7	35.2	17.2	27.6	20.2
1974	-1.9	51.4	24.3	43.4	37.5
1975	-15.4	39.3	23.2	33.8	25.7
1976	-28.8	55.6	11.1	46.3	38.1
1977	-20.4	73.8	17.4	57.9	50.8
1978	-15.0	100.0	32.0	82.7	72.5
1979	-7.7	110.9	37.3	89.5	77.1
1980	-0.2	86.2	22.1	69.0	57.6
1981	-20.2	62.2	-4.0	45.7	29.1
May 1982	-33.5	56.0	-9.6	38.5	12.0

[1]End of period rates

Sources: International Monetary Fund, International Financial Statistics, Yearbook 1980 (and previous years), Washington, D.C.

Table 9--Foreign Investments in U.S. Food Retailing, March 1982

Foreign Company	U.S. Subsidiaries and Date Acquired	% Foreign Ownership 1980	U.S. Sales ca. ($Mill.)
1 George Weston/Loblaw Co. Ltd. (CAN)	-National Tea (IL)(1955)	84	1219
	Applebaum Mkts, (MN) (1979)	100	
	-Peter J. Schmidt (NY)(1975)	100	500 (1980E)
	Loblaw, Inc. (NY)(1925)	100	
	Park Edge Supers (NY) (1980)	100	
2 B.A.T. Industries (UK)	-Kohl's Food Stores (WI) (1972)	100	600 (1980E)
3 Generale Occidentale (FR)/ Cavenham Ltd. (UK)	-Cavenham Holdings (US)	100	3626
	Grand Union (NJ)(1973)	100	
	Colonial Stores (GA) (1978)	100	
	J. Weingarten (TX)(1980)	97.6	
4 Delhaize, Freres & Cie "Le Lion" (Belgium)	-Food Town Stores (NC)(1974)	52	544
	-Alterman Foods (GA)(1980)	100	364
5 Hugo Mann Group (W. Germ.)	-Fed Mart (CA)(1975)	88	437
6 Aldi Albrecht (W. Germany)	-Aldi-Benner (IA)(1976)	100	179 (1979E)
7 Franz Haniel & Cie (W. Germany)	-Pacific Gamble Robinson (WA) (1976)	9.9	300 (1980E)
	-Scrivner (OK)(1977)	96	650 (1980E)
8 Ahold (Netherlands)	-Bi-Lo (SC)(1977)	100	618 (1980E)
	-Giant Food Stores (PA) (1981)	100	266
9 Soc. Docks de France (FR)	-Lil' Champ Food Stores(FL) (1977)	35	27 (1980E)
10 Tengelmann Group (W. Germ.)	-A&P (NJ) (1979)	50.5	6425
11 Rewe Leibbrand (W. Germ.)	-Furr's Inc. (TX) (1979)	95	600 (1980E)
12 Promodes (France)	-Red Food Stores (TN)(1979)	100	261
13 Empire Co. (Sobey Grp.) (CAN)	-Hannaford Bros. (ME) (1979)	20	251
14 Seiyu Stores (Japan)	-Parkview Gem Mkt. (HI) (1979)	100	50 (1978E)
15 Theo. Albrecht (W. Germ.)	-Pronto Markets (CA) (1979)	100	40 (1979)
	-Albertson's, Inc. (ID)(1980)	9.9	3343

Table 9--Foreign Investments in U.S. Food Retailing, March 1982--2

Foreign Company	U.S. Subsidiaries and Date Acquired	% Foreign Ownership 1980	U.S. Sales ca. ($Mill.)
16 Silverwood Industries (CAN)	-Hop-In Food Stores (VA) (1980)	33	55
	Fairview Ltd. (MICH) (1980)	100	18
17 Dai'ei (Japan)	-Holiday Mart Discount Stores (HI) (1980)	100	27
	-Pearlridge Ctr. (HI) (1972)	100	N.A.
18 Albert Gubay (UK)	-3 Guys (NC) (1980)	100	24
19 Steinberg Inc. (CAN)	-Smitty's Super Value (AZ) (1981)	100	375

Sources: National Food Review (Winter 1981); Food Marketing Institute, May 9, 1981; Moody's Industrials; Supermarket News; Wall Street Journal; Financial Times (London) entered the U.S. market and the pattern of ownership of their affiliates. A de novo entry is likely to be more pro-competitive than an acquisition. The percent equity interest held by a foreigner is one indication of the degree to which the foreign affiliate is controlled by a foreign investor.

Of the 22 firms that have made direct investments in U.S. food retailing in the period 1924-1982, only 4 investors have entered de novo. De novo entry is most likely to occur when the motivation for investment is the introduction of new products or marketing techniques. (Michalet and Delapierre, p. 33-34). In such cases foreign firms may not be able to find a suitable acquisition candidate.

Three of the four de novo entrants introduced innovative marketing techniques in their home country and subsequently transferred their innovations to the United States.

The Canadian retailers, Loblaw and Cook, have been described as pioneers in self service merchandising. (Encyclopedia Canadiana) In 1919, Loblaw Groceterias were organized in Toronto, Canada; five years later the U.S. market was entered. (Buffalo, New York) After World War II, the brothers Karl and Theo Albrecht started a chain of limited assortment stores in West Germany. By 1967, Aldi Albrecht was the leading food retailing enterprise in Germany. (Jungblut, p. 243) In 1976, Albrecht introduced the limited assortment store to the United States (Aldi stores were first established in Iowa and Illinois). In 1965, Albert Gubay became one of the first entrepreneurs to establish warehouse stores in the United Kingdom; existing supermarkets were converted into discount stores trading as Kwik Save. (Development Analysts, Ltd.) In 1980, Gubay established three warehouse stores in

Salisbury, North Carolina.

The remaining de novo entrant is the Japanese firm, Daie' ei. In 1972 Daie' ei established a supermarket in Hawaii. The product mix of the supermarket is mostly oriental. (International Trade Administration, 1980) Therefore, Daie' ei's entrance might have been motivated, in part, by the opportunity to meet a demand for oriental food products (the clientele is predominately oriental) that could not be met by U.S. food retailers.

There are 16 firms presently operating (as of 1982) in the U.S. food retailing sector that entered via acquisition.[5] The 16 firms that entered the U.S. retailing market via acquisition acquired 19 affiliates upon entry.[6] Table 10 gives a breakdown of the proportion of equity owned by the foreign parent at the time of acquisition. Although various patterns of ownership are indicated, there is a clear tendency for foreign firms to acquire less than full ownership at the outset. Eight of the foreign affiliates were wholly owned (95-100% equity) at the outset, but these affiliates were on the average smallest in size. In terms of retail sales at the date of acquisition, wholly owned affiliates represented only 11% of sales. The foreign investor initially held a minority interest in three quarters of the acquired food retail sales. The earliest entrants--George Weston (1956), BAT Industries (1972), Cavenham (1973), Delhaize (1974), Hugo Mann (1975) and Haniel (1976)--initially acquired less than full ownership of their affiliates. All the firms that acquired full ownership at the outset were more recent entrants: Ahold (1977), Leibbrand (1979), Promodes (1979), Seiyu (1979) and Steinberg (1981).

Table 10
Percentage Breakdown of Acquired Food Retail Sales of U.S. Affiliates Acquired Upon Entry into the U.S. Market, Classified by Year of Acquisition and Initial Foreign Equity Interests

	Percentage of Affiliate's Equity Owned by Parent Company					
Year of Acquisition	10-24%	25-49%	50-94%	95-100%	Total	Acquired Food Retail Sales
Pre-1972		100.0(1)			100.0(1)	744
1972			100.0(1)		100.0(1)	205
1973			100.0(1)		100.0(1)	1494
1974		100.0(1)			100.0(1)	92
1975			100.0(1)		100.0(1)	148
1976	100.0(1)				100.0(1)	250
1977				100.0(2)	100.0(2)	555
1978		100.0(1)			100.0(1)	23
1979	3.3(1)	87.6(1)		9.1(4)	100.0(6)	7631
1980	97.6(1)	1.8(1)		.6(1)	99.9(3)	3112
1981				100.0(1)	100.0(1)	375
Totals	24.2(3)	51.9(5)	12.6(3)	11.2(8)	100.0(19)	14629

Note: Figures in parenthesis are number of affiliates

Sources: Moody's Industrials, N.Y., various years
Supermarket News, various issues
Food Institute Staff Report, "Foreign Investors Continue Their Interest in U.S. Retailers, Weekly Digest, May 9, 1981

Studies of the ownership patterns of United States and British manufacturing enterprises (Stopford and Wells; Stopford and Haberich) have identified a number of characteristics that encourage a policy of partial ownership of foreign affiliates. Firms that are unfamiliar with a foreign market may seek to minimize the risk of failure by relying on the existing managerial team to contribute marketing skills and general knowledge of the economy. This would especially be the case for firms that do not plan to introduce any distinctive products or marketing techniques and therefore need not worry about "secrets" falling into the hands of domestic shareholders (Caves, 1982).

This analysis helps explain the pattern of initial ownership of foreign affiliates in U.S. food retailing. As noted above, foreign investments in U.S. food retailing is a recent phenomenon and with the exception of George Weston, B.A.T. Industries and Seiyu, the food retailing acquisitions of these firms represented their first operations in the United States. Unlike manufacturing firms, food retailers are not able to gain information concerning the U.S. market by exporting prior to foreign investment. And, unlike the de novo entrants into U.S. food retailing, marketing innovations have not been motivating factors in their foreign investment decisions.

Although the local partner can enhance the success of the venture, conflicts over policy making may eventually drive the foreign company to seek total control. (Stopford and Wells, Chapter 7 and 8) Seven of the eleven firms that entered via acquisition of less than full ownership subsequently increased their equity interest in their affiliates. Table 11 indicates that the three earliest entrants--George Weston, BAT Industries, and Cavenham--as of 1982, fully own their affiliates. The

Table 11
Percentage Breakdown of 1980 Food Retail Sales of U.S. Affiliates
Equity Owned by Parent Company as of 1/83 Classified by Year of Acquisition

Year of Acquisition	Percentage of Affiliate's Equity Owned by Parent Company 10-24%	25-49%	50-94%	95-100%	Total	1980 Food Retail Sales
Pre-1972				100.0	100.0	1219
1972				100.0	100.0	600
1973				100.0	100.0	3626
1974			100.0		100.0	544
1975[a]						
1976	73.2			26.8	100.0	414
1977				100.0	100.0	1018
1978		100.0			100.0	38
1979	3.4		85.6	10.9	99.9	7319
1980	86.2	1.6		12.3	100.1	3527
1981				100.0	100.0	601
Totals	19.0	.2	36.0	44.5	99.7	18906

[a]Fed.-Mart. (Acquired 1975) was liquidated in 1982

Sources: See Table 9

fourth earliest entrant, Delhaize, has since gained a majority interest in its affiliate (Food Town).

Three of the four firms that still hold a minority interest in their affiliate--Haniel (Pacific Gamble Robinson), Theo Albrecht (Albertson) and the Sobey Group (Hannaford)--have entered into agreements with the major domestic stockholders that restrict their ability to acquire an additional equity interest. (Supermarket News) These three affiliates account for virtually all the sales of minority owned affiliates; the fourth minority owned affiliate (Lil' Champ) accounts for just 1% of that total.

The patterns of ownership of entering firms noted above--initial acquisition of less than full ownership (often a minority interest) and subsequent increases in that interest--is reflected in the large proportion of investment outlays that is associated with transactions involving equity increases. For the 18 affiliates acquired upon entry (data are not available for one affiliate), nearly one third (31%) of the total investment outlays of $816 million represent outlays to increase their equity interest. (Table A1)

In the period 1972-82, all foreign investors in the U.S. food retailing industry (both entering and "old" firms) completed 29 mergers and acquisitions and were involved in 12 transactions that represented equity increases in their foreign affiliates. (See Table A1) For those transactions in which values were available, investment outlays associated with acquisitions and mergers amounted to $920 million (24 transactions) and those associated with equity increases (12 transactions) amounted to $217 million. Thus, in terms of value of transactions equity increases accounted for 19% of all transactions involving acquisitions, mergers and equity increases. By comparison for all foreign direct investment in the United States for the period 1976-81 (data are not available for earlier years) equity increases accounted for 6.8% of the value of transactions involving acquisitions, mergers and equity increases. (International Trade Administration, 1976-1981)

As of 1982, wholly owned affiliates accounted for 45% of food retailed sales (by 1980 volume). By contrast 51% (in terms of annual payroll) of the foreign affiliates in all industries were wholly owned in 1979 and the corresponding percent for manufacturing industries was 60%. (Bureau of the Census, 1979) The greater percent of wholly owned affiliates in manufacturing as compared to food retailing is in accord with expectations. In manufacturing foreign investment is likely to be accompanied by the introduction of unique marketing techniques or innovative products (Caves 1971)

Minority Ownership and Control

The degree to which the foreign investor has a controlling interest in the four minority owned affiliates in the U.S. food retailing industry is influenced by the degree to which stock ownership is dispersed. Table 12 shows that in each affiliate, (with the possible exception of Pacific Gamble Robinson) a large equity interest is held by a small number of U.S. citizens. In the largest minority owned affiliate, Albertson's (1981 sales $3480 M), Theo. Albrecht clearly plays a secondary role. Both the Albertson family and the Jackson family (Lil' Champ) hold the key policy making positions in their respective companies. The identity of the group of stockholders that hold a 6% interest in Pacific Gamble Robinson is not known, but an indication of the inability of Franz

Table 12
Principal Stockholders of Minority Owned Foreign Affiliates
in the U.S. Food Retailing Industry as of 1982

Affiliate	Principal Stockholders	% Equity
Albertsons	[x]Albertson Family	23.5
	[+]Theo. Albrecht	9.8
	Biffen and Co.	7.7
Hannaford Bros.	[+x]Sobey Group	23.0
	[x]Florence C. Petrick	7.5
	W.F. Whittier	7.2
	Bernstein & Co.	7.1
Lil' Champ	[+]Docks De France	35.0
	[x]J.E. Jackson	30.6
	Jones College	8.5
Pacific Gamble Robinson	[+]Franz Haniel	10.9
	Company Profit Sharing Plan and Trust	6.2

[+]Foreign Investor

[x]Member of Board of Directors

Source: Standard and Poors Corporation Records, 1983

Haniel to control corporate policy was his recent unsuccessful attempt to obtain the approval of the Board of Directors to purchase an additional 58% of stock (approval was necessary under a 1976 agreement). (Supermarket News) In sum, the holdings of the foreign investor in each of these affiliates does not appear sufficient to confer outright control.

Concentration of Stock Ownership and Foreign Direct Investment in U.S. Food Retailing

Family interests or family controlled firms are prominent among foreign investors in U.S. food retailing. This is particularly the case for Canadian investors (George Weston, Steinberg, and the Sobey Group) and German investors (Karl Albrecht (Aldi) and Theo. Albrecht, Ervin Haub (Tengelmann), Franz Haniel and Hugo Mann). Other family or individual investors are James Goldsmith (Generale Occidentale), Heijn family (Ahold), and Albert Gubay.

Three of the top 20 food retailers in the United States (measured in terms of 1981 sales) are controlled by foreign family groups: Grand Union - Colonial - Weingarten (#7) by James Goldsmith; A & P (#4) by Ervin Haub; and National Tea (#18) by the George Weston family.[7] By comparison, only 3 domestic companies among the top 20 have comparable percentages of their equity interest held by a family group. Winn-Dixie (#5), Waldbaum's (#16) and Giant Foods (#19) are all characterized by 50% or more ownership by a family; no other company on the list of the top 20 is more than 25% family owned. (Standard and Poor's Corporation Records, 1982)

Family ownership may influence firm behavior in a number of ways. Family controlled enterprises may be more profit oriented and more willing to take risks than management controlled enterprises (Baumol, p. 46) On the other hand, family owned enterprises may be reluctant to seek financing from outside sources such as the banks or the stock market for fear of losing control of the enterprise. In addition, family firms tend to have weak management if family members and associates rather than professionals are chosen to manage the enterprise (Dyas and Thanheiser, p. 37). The lack of a professional management team at George Weston may have been a factor contributing to the poor performance of its subsidiaries (including its U.S. supermarket operations in the 1950's and 1960's). (Tigert, p. 64)

The Financial Characteristics of Acquired U.S. Firms

Foreigners have accounted for a high share of acquisition activity in the U.S. food retailing sector in the past decade. In the years 1972-1980, foreigners accounted for 52% of the sales of all food retailers acquired; in the 3 year period 1978-1980, their share was 65%. (Mueller, American Institute of Food Distribution)

In assessing the impact of foreign direct investment in the U.S. food retailing sector it is desirable to know the financial health of the firms that have been acquired by foreign investors. An acquisition of a firm in poor financial condition may have a beneficial impact if the foreign investor by the infusion of financial and managerial resources can salvage the company. Recent studies of the financial condition of firms acquired by foreigners have concluded that in general the acquired firms were in weak financial condition. The Bureau of Economic Analysis in its surveys of firms acquired by foreigners in 1979 and 1980 noted that many of the enterprises experienced losses in the year in which they were acquired. (Belli, 1979, 1980) In a study of manufacturing enterprises acquired by foreigners in the period 1977-1980, Little (1981) found that the companies prior to acquisition tended to be both less profitable and to have a higher ratio of debt to net worth than the average firm in their industry. (p. 11)

In the period 1972-1982, foreign investors acquired 16 publicly owned firms in the food retailing sector. To determine the financial health of these firms, their average liquidity, leverage and profitability in a three year period prior to acquisition were examined. Liquidity was defined as the ratio of total assets to current liabilities and is a measure of the ability of firms to finance its operations. Leverage was defined as the ratio of total liabilities to net worth and is a measure of the degree to which total funds are provided by creditors. As the leverage ratio raises, creditors are assuming more risk and consequently it may become more difficult to borrow additional funds. Two measures of profitability were used: pre-tax profits as a percent of sales, and pre-tax profits as a percent of net worth. Table 13 shows the average values of these financial ratios in the 3 year period prior to acquisition.

In Table 14, the financial ratios of the acquired firms are expressed as a percent of the average for the primary industry of the firm during the same time period. All but 3 of the firms are classified in the food retailing industry; two firms are primarily classified as food wholesalers (Scrivner and Pacific Gamble Robinson) and one is in the department store industry. (Fed Mart)

With regard to two measures of financial health, liquidity and

TABLE 13

FINANCIAL CHARACTERISTICS OF FIRMS OPERATING IN THE U.S. FOOD RETAILING INDUSTRY ACQUIRED BY FOREIGNERS IN THE PERIOD 1972-1980, MEASURES OF AVERAGE LIQUIDITY, LEVERAGE AND PROFITABILITY IN THE 3 YEAR PERIOD PRIOR TO ACQUISITION

Firm & Primary Industry	Year of Acquisition	Total Assets/ Current Liabilities	Total Liabilities/ Net Worth	Profit Before Taxes as a Percent of Sales	Profit Before Taxes as a Percent of Sales
Retail Trade: Grocery Stores					
Grand Union	1973	3.1	.6	1.9	16.3
Food Town	1974	2.8	.6	7.3	63.5
Bi-Lo	1977	2.9	.7	3.7	55.7
Colonial[a]	1978	4.3	.8	1.9	19.8
Lil' Champ	1978	5.0	.6	6.2	25.4
A & P	1979	2.6	1.8	.1	1.5
Red Food Stores	1979	2.7	2.3	1.9	32.9
Hannaford	1979	4.2	1.7	2.1	27.3
Albertsons	1980	3.6	2.4	2.9	42.9
Weingarten	1980	2.7	2.0	.6	9.3
Hop-In	1980	2.4	2.0	2.9	36.1
Star Supermarkets	1982	4.0	1.7	1.3	19.2
Wholesale Trade-Groceries					
Pacific Gamble Robinson	1976	2.5	.8	2.1	24.5
Scrivner	1977	2.5	2.2	1.8	31.7
Retail Trade-Department Stores					
Fed Mart	1975	3.1	2.6	2.5	30.4

[a]Year immediate prior to acquisition is excluded due to lack of data.

Sources: U.S. Department of the Treasury, Internal Revenue Service, Statistics of Income: Corporation Income Tax Returns, 1970-1980.
Value Line, Investment Survey (used for Star Supermarkets)

TABLE 14
LIQUIDITY, LEVERAGE AND PROFITABILITY OF ACQUIRED FIRMS IN 3 YEAR
PERIOD PRIOR TO ACQUISITION EXPRESSED AS A PERCENT OF THE AVERAGE FOR THEIR PRIMARY INDUSTRY

Firm and Primary Industry	Total Assets/ Current Liabilities[a]	Total Liabilities/ Net Worth[a]	Profit Before Taxes as Percent of Sales[a]	Profits Before Taxes as Percent of Net Worth[a]
Retail Trade: Grocery Stores				
Grand Union	106.8	60.	172.7	127.3
Food Town	100.0	46.1	730.0	533.6
Bi-Lo	111.5	46.7	336.4	400.7
Colonial	165.4	53.3	172.7	145.6
Lil' Champ	192.3	40.0	563.6	162.8
A & P	96.3	105.9	7.7	8.7
Red Food Stores	103.8	143.7	158.3	217.9
Applebaum	107.7	100.1	150.0	169.5
Hannaford	155.5	100.0	161.5	158.7
Albertsons	128.5	141.1	207.1	208.2
Weingarten	103.8	125.0	50.0	61.6
Hop-In	88.9	117.6	223.1	209.8
Star Supermarkets	N.A.	N.A.	87.5[b]	100.0[b]
Wholesale Trade-Groceries				
Pacific Gamble Robinson	119.0	40.0	161.5	111.9
Scrivner	119.0	110.0	138.5	144.7
Retail Trade-Department Stores				
Fed-Mart	114.8	162.5	80.6	223.5

[a]Financial ratios are expressed as a percent of the average financial ratio for the industry
[b]Refers to after tax profits
Note: N.A. = not available

Sources: See Table 13.

profitability, the acquired firms compared favorably with the industry standard. All the firms had liquidity ratios above or near the industry average. Only two firms (A&P and Weingarten) were considerably less profitable than the industry average. Fed Mart and Star Supermarkets were less profitable than the industry average in terms of return on sales but above the industry standard (Fed-Mart) or equal to the industry standard (Star Supermarkets) in terms of return on equity. Most of the firms were quite profitable compared to their industry standard: approximately two-thirds had profits that were 50% or more above the average for their industry.

In terms of the remaining measure of financial strength, the leverage ratio, the firms show a mixed pattern. While only 2 of the 8 acquisitions prior to 1979 were of firms with above average leverage ratios, in the period 1979-1982, the pattern is reversed: 5 of 7 firms had above average leverage ratios and two firms were equal to the industry average.

The tendency for more highly leveraged firms to be acquired in recent years may indicate that these companies have had difficulties in obtaining funds from domestic sources, and are therefore amenable to an acquisition offer from large foreign firms with the necessary capital funds. The average leverage ratio in the food retailing industry increased fairly steadily from 1.2 in 1970 to 1.7 in 1980.

Although foreigners have acquired food retailing firms over a broad spectrum of sizes, acquisitions have tended to concentrate on mid-sized regional and local chains. (Seigle and Handy) In order to determine whether the financial characteristics of the acquired firms is merely a reflection of their size, the financial ratios are expressed as a percent of the average for firms of comparable size classes in their primary industry. (shown in Table 15) The results are similar to those in Table 14 except for the firms classified in the food wholesaling and department store industries. Pacific Gamble Robinson, Scrivner and Fed Mart all look considerably more profitable when the comparison is to the standard for firms in their size class rather than the industry wide standard.

In sum, foreign owned food retailing affiliates differ from all foreign owned affiliates and, more specifically, foreign owned manufacturing affiliates in being more profitable than their industry prior to acquisition. This is consistent with the proposition that firms that are unfamiliar with the market and have no particular distinctive assets to bring to the market are likely to depend on the existing managerial team and distribution networks. Acquisition of a profitable firm is one means of reducing the risk of failure. Little (1981) found that acquired firms in the low technology industries (in particular food manufacturing), where the foreign investor is not likely to introduce new products or production techniques, were of above average profitability.

Characteristics of Investing Companies

As of March 1982, 19 foreign companies held 10 percent or more of the stock of U.S. food retailing affiliates (see Table 9). Most of the parent companies are large which is consistent with the findings of other studies of foreign direct investment. With the exception of B.A.T. Industries and Franz Haniel, the companies are primarily food retailers or had investments in food retailing in their home market prior to their investments in the U.S. B.A.T. Industries invested in

TABLE 15

LIQUIDITY, LEVERAGE AND PROFITABILITY OF ACQUIRED FIRMS IN 3 YEAR PERIOD PRIOR TO ACQUISITION EXPRESSED AS A PERCENT OF THE AVERAGE FOR A FIRM OF COMPARABLE SIZE IN THEIR PRIMARY INDUSTRY

Firm and Primary Industry 250 or More	Asset Size Class ($ Mill.)	Total Assets/ Current Liabilities[a]	Total Liabilities/ Net Worth[a]	Profit Before Taxes as a Percent of Sales[a]	Profit Before Taxes as a Percent of Net Worth[a]
Retail Trade: Grocery Stores					
Grand Union	250 or more	100.0	66.7	146.1	140.5
Food Town	10 25	107.6	46.1	608.3	453.6
Bi-Lo	25 50	111.5	43.7	308.3	307.7
Colonial	100 250	159.2	57.1	158.3	126.9
Lil' Champ	5 10	200.0	35.3	516.7	146.8
A & P	250 or more	96.3	112.5	6.7	7.8
Red Food Stores[b]	10 25	110.2	148.1	113.8	133.3
Applebaum[b]	10 25	109.8	133.3	120.7	124.1
Hannaford	50 100	106.2	106.2	161.5	158.7
Albertson	250 or more	128.5	141.1	181.2	210.3
Weingarten	50 100	103.8	133.3	54.5	62.4
Hop-In	5 10	96.0	117.6	207.1	160.4
Wholesale Trade Groceries					
Pacific Gamble Robinson	50 100	131.6	27.6	262.5	148.5
Scrivner	50 100	131.6	75.9	225.0	192.1
Retail Trade Department Stores					
Fed Mart	50 100	100.0	179.3	250.0	844.4

[a]Expressed as a percent of the financial ratio for firms of comparable size in the primary industry of the firm.

[b]Industry data for this size category are not available for 1978 and thus that year is excluded in the calculation of the percentages.

Sources: See Table 13.

food retailing in both its home country (U.K.) and the U.S. in the same year.

In order to get a better picture of the firms that invested in the U.S., data were collected on all non-U.S. firms with at least $1 billion in food retailing sales in their home country in 1980. (see Table A2) A total of 33 firms were included, 13 of which made investments in U.S. food retailing. The characteristics of investors and non-investors are shown in Table 16. On average, the 13 investors are larger and much more diversified in terms of both the number of industries and countries in which they operate than the 20 non-investors. Investors are somewhat larger in food retailing sales and operate many more supermarkets than non-investors. Probit analysis of the 33 companies generally confirmed this. The level of product diversification, number of supermarkets operated in their home country, and total firm size were positively associated with a company investing in the U.S. food retailing industry during 1971-80.

The above analysis was cross sectional and examined only firm characteristics associated with investment in U.S. food retailing. However, one would expect the flow of foreign direct investments to vary over time, depending in part on the exchange rate of a company's home currency for U.S. dollars. In addition, stock market valuations of different industries vary over time and across countries. Thus, a model was developed that incorporated an exchange rate variable and the average price-earnings ratio of U.S. food retailer's companies for each year, 1971 to 1980. Pooled cross sectional time series probit analysis was conducted using the following model:

Table 16
Characteristics of Investors and Non-Investors in the
U.S. Food Retailing Industry

Variable	All Firms # of firms	All Firms Mean value	Investors # of firms	Investors Mean value	Non-Investors # of firms	Non-Investors Mean value
1980 Company Sales ($Mill.)	33	3418	13	4454	20	2744
Number of 3 digit SIC industries firms operates in	33	3.97	13	5.85	20	2.80
Number of countries (excl. home country & U.S.) firm has subsidiaries	33	2.27	13	3.69	20	1.35
Number of countries (excl. home country & U.S.) firm has food retailing subsidiaries	33	.43	13	.85	20	.50
1980 food retail sales ($Mill.)	27	2124	11	2503	16	1863
Number of Supermarkets	28	279	11	460	17	161
Number of Hypermarkets	28	23	11	26	17	20

Sources: See Table A2.

$$FDI = a + b_1PD + b_2EX + b_3PE + b_4SZ + b_4MS + \varepsilon$$

where:

FDI is a binary variable that equals 1 if a firm makes or increases an investment in a U.S. food retailing company during a particular year, zero if it does not.

PD (product diversification) is the number of 3 digit SIC industries in which the firm operated worldwide, ca. 1980. It is expected that firms that operate in several product markets have developed skills applicable to geographic diversifications.

EX is an index of the exchange rate of the company's home country currency for U.S. dollars with the rate in 1970 equal 100.

PE is the average price earnings ratio of U.S. grocery chains published by Valu Line.

SZ is total firm sales for each year, excluding sales of U.S. food retailing affiliates.

MS is the firm's national share of its home food retailing market in 1978. Firms with high domestic market shares are likely to find further expansion difficult in their home markets. In addition, a high market share at home may reflect special organizational and marketing abilities that could be utilized in foreign direct investments.

ε is the error term.

All variables except PE are hypothesized to have a positive relationship to FDI. One additional variable, $\frac{PE}{EX}$, was developed to measure the

Table 17
Probit Analysis of Foreign Investment
Flow Into U.S. Food Retailing, 1971-1980

Constant	PD	$\frac{PE}{EX}$	EX	PE	SZ	MS	n	Likelihood Ratio
-3.40 (-5.95)	.02 (4.61)		1.01 (2.85)[a]				322	24.5[a]
-2.30 (-3.85)	.11 (4.18)[a]		.90 (2.41)[a]	-.01 (-0.39)			290	20.4[a]
-1.31 (-4.32)	.09 (3.98)[a]	-.06 (-1.97)[b]					290	17.8[a]
-1.22 (-3.37)	.09 (3.07)[a]	-.07 (-1.99)[b]			.04 (0.64)		229	15.6[a]
-1.50 (-2.79)	.10 (3.26)[a]	-.08 (-2.04)[b]			.04 (0.63)	.04 (1.30)[c]	189	18.4[a]

[a]Significant at .01 level

[b]Significant at .05 level

[c]Significant at .10 level

combined influence of the exchange rate and price-earnings ratio; it indicates the cost in a company's home country currency to buy a U.S. grocery chain. $\frac{PE}{EX}$ is expected to be negatively related to FDI.

The results (Table 17) are generally consistent with the hypotheses, although PE and SZ are not statistically significant. The extent of a company's product diversification and the exchange rate for U.S. dollars are strongly related to the companies that invest and the timing of those investments. The average price earnings ratio of U.S. grocery chains (PE) is not significant. The combined variable $\frac{PE}{EX}$ has the expected negative relationship to FDI and is significant at the .05 level in all equations.

Within this group of companies, total firm size had no significant bearing on the likelihood of their investing in U.S. food retailing. However, the higher the market share these firms had in their home markets, the more likely they were to invest.

<u>U.S. Markets with Foreign Affiliates</u>

Until 1972, the only foreign company with an investment in U.S. food retailing was Loblaw Company, Ltd., a Canadian grocery chain controlled by the George Weston family. Foreign affiliate sales in 1967 and 1972 were concentrated near Canada in the North Central region of the U.S. (Table 18) The series of foreign acquisitions since 1972 have substantially changed that pattern. By 1980, the deepest penetration of foreign affiliates was in the South Atlantic region where one out of six dollars spent in metropolitan grocery stores was spent in a foreign affiliate. The high penetration of foreign affiliates in the Mountain states is largely attributed to the 10% interest held in Albertson's, a

Table 18--SMSA Grocery Sales Attributed to Foreign Owned Affiliates, by Census Division, 1967 to 1980.

Division	1967	1972	1977	1980	1980 (25% or more foreign Ownership)
New England	0	0	.8	4.5	4.0
Middle Atlantic	2.5	1.9	2.9	10.7	10.7
East North Central	6.6	6.8	3.0	7.1	7.1
West North Central	5.6	5.0	6.2	8.1	8.1
South Atlantic	0	0	4.7	17.1	15.4
East South Central	1.8	.7	.5	8.0	7.7
West South Central	1.6	1.3	2.7	9.3	7.9
Mountain	5.5	2.7	1.1	15.8	8.4
Pacific	1.1	.1	1.9	6.9	1.2
<u>Total Grocery Sales ($Millions)</u>					
Foreign Owned Affiliates	1,178	1,491	2,919	13,244	10,968
All Firms	41,217	63,778	98,906	134,709	134,709
% of SMSA Grocery Sales by Foreign Owned Firms	2.8	2.3	2.9	9.8	8.1

Source: Grocery Distribution Guides 1973, 1978, 1981 (Metro Market Studies)
U.S. Bureau of the Census, 1972 and 1977 Census of Retail Trade, Vol. 4, Area Statistics (Washington, D.C., 1976, 1980)
Sales and Marketing Management, 1981 Survey of Buying Power, July 27, 1981.

large chain with headquarters in this region. When only affiliates with 25% or more ownership are considered (right hand side of Table 18), the degree of penetration in the Mountain region by foreign affiliates is no greater than the average for all regions.

In total, foreign owned food retailers held 9.8% of all SMSA grocery stores sales in 1980. Since the foreign affiliate share of all U.S. grocery sales is estimated at 9.4%, foreign affiliates hold a slightly lower share of grocery store sales outside of SMSAs than within SMSAs.

In 1980, approximately 54 percent of the sales of foreign affiliates came from SMSAs in which individual affiliates held a 10% or lower share of grocery stores sales. (Table 19) About 13% came from SMSAs in which individual affiliates held 20% or more market shares.[8] Over time, a higher proportion of foreign affiliate sales have come from lower market share positions (less than 10%), while the proportion derived from the high market share categories (over 20%) have been relatively constant.

Although there is no magic market share at which a retailer obtains market power, market shares of less than 10% rarely allow a firm to dominate a market or exercise price leadership. On the other hand, a market share exceeding 20% will usually make a firm number one or number two in a market, and provide it with greater discretion in its competitive behavior.

Until the mid 1970s, foreign affiliates were largely concentrated in SMSAs with relatively slow rates of growth (e.g., the top 30% of SMSAs in rate of growth had only 9% of the foreign affiliates in 1974). Foreign affiliates also tended to be in relatively unconcentrated SMSAs

Table 19
Percentage Breakdown of 1980 SMSA Grocery Sales
Classified by Market Share of Foreign Owned Affiliates, and Year

Year	<5%	5-9.9%	10.14.9%	Market Share 15-19.9%	20-25.4%	25% Or More	Total
1967	5.5	15.9	17.4	50.1	11.1	0	100.0
1972	5.3	26.4	42.5	12.4	0	13.4	100.0
1977	27.2	23.8	11.6	19.4	2.7	14.8	100.0
1980	14.5 (17.3)	39.7 (29.3)	26.7 (25.7)	5.9 (7.3)	8.5 (13.1)	4.7 (7.2)	100.0 (99.9)

Note: Figures in parentheses exclude A & P.

Source: 1981 Grocery Distribution Guide (Weston, MA
Metro Market Studies, 1981)

Table 20
Percentage Breakdown of 1980 SMSA Grocery Sales: All Firms, Domestic Firms, Foreign Owned Affiliates (Classified by Total SMSA Foreign Market Share) By Four Firm 1977 Concentration Ratio

77 CR	Percent of 1980 SMSA Grocery Sales: All Firms	Domestic Firms	Foreign Owned Affiliates	% of Foreign Affilate Sales by Total SMSA Foreign Market Affiliate Share: 0 <5.5	5.5 <10.5	10.5 <15.5	15.5 <20.5	20.5 or more
Less than 50	42.6	43.7	32.4	44.7	35.9	46.5	27.7	14.0
50-69.9	50.0	48.9	60.0	40.1	60.1	48.8	48.0	84.0
70 or more	7.4	7.3	7.6	15.2	3.9	4.7	24.2	2.0
	100.0	99.9	100.0	100.0	99.9	100.0	99.9	100.0
Sales ($Mill)	134,362.2	121,117.6	13,244.6	641.4	2391.7	4373.0	2186.8	3651.7
# of SMSAS	206	206	167	47	40	32	24	24

Sources: 1981 Grocery Distribution Guide (Weston, MA Metro Markets Studies, 1981)

Table 21
Percentage Breakdown of 1980 SMSA Grocery Sales: All Firms, Domestic Firms, Foreign Owned Affiliates (Classified by Total SMSA Foreign Market Share) by SMSA Growth Rate 1972-1977 (Expressed as 77 Grocery Sales/72 Grocery Sales)

	Percent of 1980 SMSA Grocery Store Sales			% Breakdown of Foreign Affiliate Sales by Total SMSA Foreign Market Share				
77 Grocery Sales/ 72 Grocery Sales	All Firms	Domestic Firms	Foreign Owned Affiliates	>0 <5.5	5.5 <10.5	10.5 <15.5	15.5 <20.5	20.5 or more
1.3	9.2	9.0	10.8	-	.5	26.1	12.8	-
1.3 1.5	26.7	27.2	21.6	34.9	33.8	25.3	11.9	12.8
1.5 1.6	26.6	26.9	24.0	11.3	36.8	19.8	46.7	9.2
1.6 1.7	17.6	17.2	21.7	25.1	6.7	10.9	19.3	45.4
1.7 1.8	10.3	10.5	8.3	23.4	15.7	2.1	4.5	10.6
1.8	9.5	9.1	13.5	5.3	6.4	15.7	4.9	22.0
Sales	134,208.2	120,985.7	13,222.5	641.4	2391.7	4351.0	2186.8	3651.7
(# of SMSA's)	(205)	(205)	(166)	(47)	(40)	(31)	(24)	(24)

Sources: 1981 Grocery Distribution Guide (Weston, MA Metro Market Studies, 1981)
U.S. Bureau of the Census, 1972 and 1977 Census of Retail Trade (Washington, D.C. 1976 and 1980)

Table 22

Percentage Breakdown of 1980 SMSA Grocery Sales: All Firms, Domestic Firms Foreign Owned Affiliates (Classified by Total SMSA Foreign Market Share) by Change in Four Firm Concentration Ratio 1972-1977 (Expressed as 77CR/72CR

				% Breakdown of Foreign Affilate Sales by Total SMSA Foreign Market Share				
77CR/72CR	All Firms	Domestic Firms	Foreign Owned Affiliates	>0 <5.5	5.5 <10.5	10.5 <15.5	15.5 <20.5	20.5 Or More
<1	17.1	17.2	15.7	22.8	21.0	12.3	18.4	13.4
1 < 1.1	53.7	53.3	56.2	50.1	52.5	67.6	42.6	54.1
1.1 < 1.2	21.7	21.6	22.3	10.4	20.6	16.0	35.1	25.5
1.2 or more	7.6	7.7	5.8	16.7	5.9	4.2	3.8	7.1
	100.1	99.8	100.0	100.0	100.0	100.1	99.9	100.1
Sales ($Mill)	134,362.2	121,117.6	13,244.7	641.4	2391.7	4373.0	2186.8	3651.7
# of SMSAS	206	206	167	47	40	32	24	24

Sources: See Table 20.

(e.g., whereas 49% of the 207 SMSAs studied had a CR4 of less than 50 in 1972, 60% of the 46 SMSAs with foreign affiliates in 1974 had that level of concentration). However, foreign investments in the late 1970s favored faster growing and more concentrated markets.

By 1980, foreign owned retail affiliates were more important in the more highly concentrated and faster growing markets. Table 20 shows that SMSA with a four firm concentration ratio of between 50 and 70 account for half of all grocery sales in 1980, but 60% of foreign affiliate sales. Those SMSAs with a concentration ratio of 70 or more account for a small proportion of sales of both domestic firms and foreign affiliates (about 7.5% in both cases). Table 21 shows that SMSAs in which the ratio of 1977 grocery sales to 1972 grocery sales was 1.6 or greater accounted for 37% of all grocery sales, but 43% of foreign affiliate sales. There were 24 SMSAs in which foreign affiliates had a combined market share of 20.5% or more in 1980; these accounted for 27% of all foreign affiliate sales. (Table 20)

An analysis of the distribution of grocery sales by change in SMSA concentration ratio between 1977 and 1972 (Table 22) indicates no significant differences between domestic and foreign owned firms.

<u>What Does It All Add Up to?</u>

By 1980, foreign affiliates accounted for 10 percent of U.S. grocery store sales. What have been the consequences of this inflow of foreign capital?

1. Introduction of new products or business techniques--foreign investments in manufacturing are frequently associated with a unique asset of the firm on which it can earn maximum profits in foreign markets only through foreign production. This appears to have been a

factor in only one foreign investment in U.S. food retailing. Aldi Albrecht acquired Benner Tea, an Iowa wholesaler in 1976, in order to introduce a new type of store to American markets--the limited assortment or "box store." Patterned after their West German stores, Aldi's box stores were small in size, spartan in fixtures, carried few items (4-500) and no perishables, and offered savings of 20 to 30% over conventional supermarkets.

The initial success of the Aldi stores triggered a series of imitations by other retailers. In total, there were an estimated 920 limited assortment stores in the U.S. in 1981--all a direct outgrowth of the foreign investment by Aldi (Heller).

Aldi's innovation in retailing appears to have contributed indirectly to two other price oriented innovations in food retailing--the warehouse store and generic food products. As the weaknesses of the limited assortment store became apparent, interest shifted to larger stores with a more complete selection of products that retained the low cost-low price appeal of box stores. By 1981, warehouse stores had about 3 percent of the grocery store business in the U.S. while limited assortment stores had 1 to 1½ percent (Heller). Whereas the future of limited assortment stores appears limited, warehouse stores are experiencing rapid growth. One industry expert estimates they will capture 12 to 15 percent of the national market by 1985 (Aboff).

Generic products have benefited greatly from the competitive pressure exerted by limited assortment and warehouse stores. Introduced into the U.S. in 1977, generic products accounted for about 3 percent of the retail sales of grocery products, paper goods, household supplies and health and beauty aids in 1980, and are expected to continue to increase their market share (Katz). Two-thirds of the largest 100 chains carried generics in 1981.

The growth of warehouse stores and generic products have stimulated price competition and cost reducing technologies in both food retailing and food manufacturing. While Aldi's entrance was only one of the forces that encouraged these innovations, it was still an important contribution. Aldi's entrance is the only foreign investment, however, where the introduction of new products or technology was an important factor.

2. Competitive impact on markets in which foreign affiliates operate--most of the foreign investments into U.S. food retailing have been made via acquisitions by foreign food retailing companies; they are therefore analogous to geographic market extension mergers by U.S. food retailing companies. The entry of only three were primarily de novo: Dai' ei in Hawaii, Aldi in Iowa and Illinois, and 3 Guys in Charlotte, N.C. Based upon reports in trade publications, all three have had pro-competitive consequences in the markets they entered; this is consistent with theoretical expectations.

The acquisitions of two foreign companies have probably been anti-competitive on balance. The propensity of National Tea (George Weston) during the 1960s and 1970s to take acquired companies from riches to rags destroyed effective competitors in a number of markets. As a result of 20 acquisitions involving 499 stores during the 1950s, National Tea operated 932 stores in 1960 and had sales of $856 million (FTC). After nearly two decades of poor performance, including losses from 1972 to 1977, National Tea operated 216 stores in 1977 with sales of $835 million (Moody's Industrials).

The acquisition of Colonial Stores by Grand Union (General Occidentale/Cavenham) was also in our judgment anticompetitive. Testimony at the trial challenging this merger identified Grand Union as one of the most likely de novo entrants into Colonial markets.[9] The Administrative Law Judge concluded that the merger was anticompetitive. The case is now on appeal to the Commissioners of the FTC.

The competitive consequences of the acquisitions of the other 14 foreign companies are more difficult to determine. There is little basis for expecting that the foreign acquirers were potential de novo entrants into U.S. markets (or were perceived by U.S. firms as potential competitors) prior to their first entrance into U.S. markets. If most foreign parents were not potential de novo entrants, the acquisitions still may have affected competition by increasing conglomerate power. A large parent company could subsidize its U.S. affiliate so as to allow faster rates of expansion or modernization and more aggressive competitive behavior. However, a foreign subsidiary also may be "milked" of earnings and assets for use by the parent company. The possibilities for cross subsidization are numerous and the effects on U.S. markets vary. Without more information, it is impossible to assess the extent and effects of cross subsidization resulting from these foreign investments.

A second type of conglomerate power--mutual forebearance--is also possible. Mutual forebearance (don't upset my market and I won't upset yours) is a possibility whenever two companies are competitors in two or more markets. Foreign ownership adds the possibility of international mutual forebearance. However, we find the opportunities for international mutual forebearance are few, particularly if affiliates with less than 25 percent foreign ownership are excluded (mainly Albertson's). Thus, at this time, it appears unlikely that competition in U.S. markets has been significantly affected by this aspect of conglomerate power.

Summary

It is too early to determine the competitive consequences of the rash of foreign investments into U.S. food retailing that occurred during the last decade. A few appear to have had definite pro-competitive effects. A few, particularly those that have been the second, third or more acquisition by the same parent company have been anticompetitive, in our opinion.

Although recent acquisitions have been targeted more at faster growing and more concentrated SMSAs, overall, foreign affiliate markets are representative of all SMSAs in the U.S. The market shares held by foreign affiliates are not particularly high for this industry. Thus, foreign investors, on average, have not earmarked their funds only for retail firms with considerable market power. The flow of foreign funds into U.S. food retailing has been strongly affected by the exchange rate for U.S. dollars. As the dollar has strengthened in 1980-82, foreign investments into food retailing have declined sharply.

On balance, we view the foreign investments in U.S. food retailing with less alarm than the growth of acquisitions by large U.S. grocery chains. The latter sometimes result in a decline in potential competitors in an area and add to the growth in national concentration in food retailing. Foreign acquisitions that represent the first entry of a foreign company into U.S. food retailing have neither of these effects. However, acquisitions by foreign firms after they have entered the U.S. may have the same detrimental effects as acquisitions by U.S. chains and should and are treated accordingly by antitrust agencies. The Aldi acquisition, which spawned a new form of retailing in this country, demonstrates that some foreign investments can provide substantial public benefits.

Although foreign companies that are already in the U.S. market may continue to make acquisitions, we do not expect the flood gates for foreign funds to reopen unless the dollar weakens substantially. We see little evidence that we are moving toward the development of worldwide or Anglo-European grocery chains.

FOOTNOTES

[1]Loblaw Groceterias, a Canadian retailing firm established a U.S. subsidiary in 1924, but withdrew from the market in 1939.

[2]The 1979 growth rate is strongly affected by the acquisition of A&P.

[3]Supermarket General sold its 20% interest in Berthier Saveco, France in 1973 (acquired in 1971). Berthier Saveco was the 26th largest food chain in France in 1974. Jewel held an 18% interest in GB-Inno BM, Belgium's largest retailer and second largest food chain. The date of Jewel's divestiture is not clear, but by 1978, it was no longer a major shareholder.

[4]These firms are (and entrance and exit dates) Loblaw Groceterias (Canada) 1924, 39. Bowater (U.K.) 1973?, and Societe DeMagasins Printania (France), 1978, 79. See Table A1 for details.

[5]Two firms that entered by acquisition - Bowater and Societe des Magasins Printania - stayed only a year or two and therefore are not considered.

[6]Haniel and Theo Albrecht each acquired a second affiliate within a year of their first acquisition and therefore are counted as initial acquisitions.

[7]Generale Occidentale's annual report indicated that James Goldsmith directly and indirectly owns 32% of the company. Ervin Haub is the sole owner of Tengelmann. George Weston family holds 61% of the stock of their company. (Financial Post, 1982). National Tea is a wholly owned subsidiary of George Weston.

[8]By comparison, the 14 largest food chains in the JEC study (Marion, et al) held market shares of less than 10% in 54 percent of the SMSAs in which they operated in 1972; in 12% of the SMSAs, they held market shares of 20% or more.

[9]The senior author was expert economist for the Federal Trade Commission in challenging the acquisition of Applebaum by National Tea and the acquisition of Colonial Stores by Grand Union.

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Table A1--Foreign Direct Investment Transactions in the U.S. Food Retailing Industry, 1924-1982[1]--1

Foreign Investor[2]	Home Industry of Foreign Investor	Acquired U.S. Company	Industry of U.S. Company	Type of Transaction	Cost of Transaction ($ million)
		1924			
Loblaw Groceterias (Toronto, Canada)	Grocery Stores	Loblaw Groceterias Inc. (Buffalo, NY)	Grocery Stores	Established by Loblaw (Canada) Equity interest of Loblaw Canada was 67%.	N.A.
		1928			
Loblaw Groceterias (Toronto, Canada	Grocery Stores	Loblaw Groceterias Inc. (Buffalo, NY)	Grocery Stores	Establishment of grocery stores in Chicago. T.P. Loblaw (owner of Loblaw, Canada) & Toronto business associate provided the expansion capital. Upon the completion of this transaction, Loblaw, Canada owned 51.5% of the common stock of Loblaw, U.S.	$2.9
		1939			
Loblaw Groceterias (Toronto, Canada)	Grocery Stores	Loblaw, Inc. (Buffalo, NY)	Grocery Stores	Shareholders approved a plan of reorganization. After completion of the reorganization, Loblaw Canada owned 11.3% of the common shares of Loblaw, Inc. This interest was sold in 1940.	N.A.

Table A1--Foreign Direct Investment Transactions in the U.S. Food Retailing Industry, 1924-1982[1]--2

Foreign Investor[2]	Home Industry of Foreign Investor	Acquired U.S. Company	Industry of U.S. Company	Type of Transaction	Cost of Transaction ($million)
		1940-1952			
George Weston (Canada)	Food Manufacturing	Loblaw, Inc. (Buffalo, NY)	Grocery Stores	Acquisition of 40% interest. It is not clear how this interest was obtained, but appears likely that the major portion of the common shares was obtained from Mr. F.K. Morrow, who was a business associate of T.P. Loblaw. The precise dates of this transaction are not known.	N.A.
		1953			
Loblaw Groceterias[3] (Toronto, Canada) (acquired by Geo. Weston in 1953)	Grocery Stores	Loblaw, Inc. (Buffalo, NY)	Grocery Stores	Acquisition of 16.8% equity as a result of some open market purchases.	$ .2
		Loblaw, Inc. (Buffalo, NY)	Grocery Stores	Acquisition of 40% interest from George Weston. This transaction and the open market purchase of Loblaw, Inc. stock gave Loblaw Groceterias a 56.8% interest in Loblaw, Inc.	$7.7
		1956			
George Weston (Canada)	Food Distribution	National Tea (Rosemont, IL)	Grocery Stores	Loblaw Groceterias acquired 27% interest. The shares were purchased from 2 individuals: Rasmussen (founder of the company and holder of 10.6% of shares) and Cuneo (a director of the company).	$34.4

Table A1--Foreign Direct Investment Transactions in the U.S. Food Retailing Industry, 1924-1982[1]--3

Foreign Investor[2]	Home Industry of Foreign Investor	Acquired U.S. Company	Industry of U.S. Company	Type of Transaction	Cost of Transaction ($million)
		1956 Continued			
George Weston (Canada)	Food Distribution	Sparkle Markets (Pittsburgh, PA)	Grocery Stores	Acquisition by Loblaw Inc. (U.S.)	N.A.
		1957			
		Millers Supermarkets (Denver, CO)	Grocery Stores	Acquisition by National Tea	N.A.
		Tolerton and Warfield (Sioux City, IA)	Grocery Stores	Acquisition by National Tea	N.A.
		1958			
		Del Farm Foods (Chicago, IL) Slim's Sun Mart (Ft. Dodge, IA)	Grocery Stores	Acquisitions by National Tea	N.A.
		1961			
		Sure Save Food Marts (Chicago, IL)	Grocery Stores	Acquisition by National Tea	N.A.
		39 supermarkets in Eastern Ohio and PA, from Century Food Markets	Grocery Stores	Acquisition by Loblaw, Inc. (U.S.)	$8.5
		1956-62			
		National Tea (Rosemont, IL)	Grocery Stores	In the period 1956-62, Loblaw Groceterias purchased additional shares of National Tea & therefore increased its equity interest to 34.4% by June 1962.	$13.0

Table A1--Foreign Direct Investment Transactions in the U.S. Food Retailing Industry, 1924-1982[1]--4

Foreign Investor[2]	Home Industry of Foreign Investor	Acquired U.S. Company	Industry of U.S. Company	Type of Transaction	Cost of Transaction ($million)
		1953-63			
George Weston (Canada)	Food Distribution	Loblaw, Inc. (Buffalo, NY)	Grocery Stores	Purchase on the open market by Loblaw Groceterias in the period 1953-1963 of an additional 7.5% interest in Loblaw, Inc. In 1963, total equity interest held by Loblaw, Canada in Loblaw (U.S.) was 64.3%.	$3.6
		1963			
		National Tea	Grocery Stores	Loblaw (Canada) acquired a 12.9% interest, held by Loblaw Inc. (U.S.) and 6.3% interest held by Weston Biscuit (fully owned U.S. subsidiary of G. Weston). In May 1963, Loblaw Groceterias owned 48.4% of National Tea; Loblaw Inc. (U.S.) held a 3.1% interest in National Tea.	$31.0
		1965			
		Better Foods (Los Angeles, CA)	Grocery Stores	Acquired by Loblaw, Inc. (U.S.).	N.A.
		Peter J. Schmitt (Buffalo, N.Y.)	Food Wholesaler	Acquired full ownership	$4.0

Table A1--Foreign Direct Investment Transactions in the U.S. Food Retailing Industry[1]--5

Foreign Investor[2]	Home Industry of Foreign Investor	Acquired U.S. Company	Industry of U.S. Company	Type of Transaction	Cost of Transaction ($million)
		1963-68			
George Weston (Canada)	Food Distribution	Loblaw Inc. (Buffalo, NY)	Grocery Stores	Purchased on the open market a 7.2% interest in Loblaw (U.S.). By 1969 Loblaw (Canada) interest in Loblaw (U.S.) was 71.9%.	$2.5
		1969			
		Loblaw, Inc. (Buffalo, NY)	Grocery Stores	D.F.C. (a holding company for Loblaw Groceterias) sold its 71.5% interest in Loblaw Inc. to National Tea.	$24.2
		1972			
British-American Tobacco (United Kingdom)	Tobacco Processing	Kohl Corporation (Milwaukee, WI)	Grocery Stores	Acquired 80% interest	$72.0
Dai'ei, Inc. (Japan)	Grocery Stores	Pearl Ridge Shopping Center (Aiea, HI)	Grocery Stores	Establishment of business.	$2.0
		1964-1973			
George Weston (Canada)	Food Distribution	National Tea (Rosemont, IL)	Grocery Stores	Loblaw (Canada) purchased on the open market an additional 4.9% interest in National Tea.	$.7

Table A1--Foreign Direct Investment Transactions in the U.S. Food Retailing Industry, 1924-1982[1]--6

Foreign Investor[2]	Home Industry of Foreign Investor	Acquired U.S. Company	Industry of U.S. Company	Type of Transaction	Cost of Transaction ($million)
		1973			
George Weston (Canada)	Food Distribution	National Tea (Rosemont, IL)	Grocery Stores	Loblaw (Canada) acquired the 3.4% interest held by Loblaw Inc. (U.S.) in National Tea	$1.2
		Loblaw Inc. (Rosemont, IL)	Grocery Stores	Loblaw (Canada) repurchased 73.1% interest in Loblaw Inc. from National Tea.	$26.0
Cavenham Ltd. (United Kingdom)	Food Manufacturing and Distribution	Grand Union (Elmwood Park, NJ)	Grocery Stores	Acquired 51% interest.	$64.0
Bowater Corporation (United Kingdom)	Paper Products	Fairmont Foods (U-Tote-M) (Omaha, NB)	Dairy Mfg. (U-Tote-M Div. operates convenience stores)	Held a 9.8% interest	N.A.
		1974			
Delhaize, Freres & Cie "Le Lion" (Belgium)	Grocery Stores	Food Town Stores, Inc. (Salisbury, NC)	Grocery Stores	Acquired 34.5% interest	$8.2
		1975			
Hugo Mann (Germany)	Furniture & Home Furnishing Stores	Fed-Mart (San Diego, CA)	Department Stores	Acquired 64% interest.	$21.6
George Weston (Canada)	Food Distribution	Loblaw, Inc. (Buffalo, NY	Grocery Stores	Loblaw (Canada) increased interest in Loblaw Inc. to 100% by acquiring the remaining 26.9% interest held by outside shareholders.	$6.0

Table A1--Foreign Direct Investment Transactions in the U.S. Food Retailing Industry, 1924-1982[1]--7

Foreign Investor[2]	Home Industry of Foreign Investor	Acquired U.S. Company	Industry of U.S. Company	Type of Transaction	Cost of Transaction ($million)
		1975 Continued			
George Weston (Canada)	Food Distribution	National Tea (Rosemont, IL)	Grocery Stores	Loblaw (Canada) increased ownership from 56.7% to 84.0%.	$27.7
		Louis Stores (Oakland, CA)	Grocery Stores	Acquired by Loblaw, Inc.	N.A.
		1976			
Hugo Mann (Germany)	Furniture & Home Furnishing stores	Fed-Mart (San Diego, CA)	Department Stores	Equity increase.	$8.0
Generale Occidentale (France)	Holding company with interests in banking, property, food manufacture and retailing.	Grand Union (Elmwood Park, NJ)	Grocery Stores	Cavenham increased its interest in Grand Union to 80%. Generale Occidentale increased its interest in Cavenham to 51%. Thus, Generale Occidentale interest was 40.8%.	$33.7
Franz Haniel & Cie (W. Germany)	Fuel Distribution	Pacific Gamble Robinson (Seattle, WA)	Food Wholesaler	Acquired 9.9% interest.	$5.25
Aldi-Albrecht (Germany)	Grocery Stores	Aldi-Benner (Burlington, IA)	Grocery Stores	Establishment of business[3]	N.A.
		1977			
Ahold (Netherlands)	Grocery Stores	Bi-Lo (Greenville, SC)	Grocery Stores	Acquisition of full ownership.	$57.6

Table A1--Foreign Direct Investment Transactions in the U.S. Food Retailing Industry, 1924-1982[1]--8

Foreign Investor[2]	Home Industry of Foreign Investor	Acquired U.S. Company	Industry of U.S. Company	Type of Transaction	Cost of Transaction
Franz Haniel & Cie (Germany)	Fuel Distribution	Scrivner (Oklahoma City, OK)	Food retailing and wholesaling (about evenly divided)	Acquired 96% interest	$28.8
Delhaize (Belgium)	Grocery Stores	Food Town (Salisbury, NC)	Grocery Stores	Increased interest to 52%	$10.5
Hugo Mann (Germany)	Furniture & Home Furnishings Stores	Two Guys (West Coast Division)	Department Stores	Acquisition by Fed-Mart of West Coast Two Guys Department Stores	$71.1
Generale Occidentale (France)	Holding company with interests in banking, property, food manufacture and retail	Grand Union (Elmwood Park, NJ)	Grocery Stores	Cavenham (UK), a wholly owned subsidiary of Gen. Occidentale acquired the remaining 19% interest in Grand Union	$24.5
		1978			
General Occidentale	Holding company (see above)	Colonial Stores Atlanta, Georgia	Grocery Stores	Holds full ownership through Cavenham (U.K.)	$139.0
Societe Docks de France (France)	Grocery Stores	Lil' Champs Food Stores (Jacksonville, Florida)	Grocery Stores	Acquired 35% interest	$2.3
		1973-79			
Sobey Group (Canada)	Grocery Stores (Sobey Stores) and car renting	Hannaford Bros. (S. Portland, ME)	Food Wholesaling and retailing	Acquisition of 5% interest in 1973; by 1979, held about a 10% interest	N.A.
		1978-79			
Societe des Magasins Printania (France)	Investment Company	Shopwell, Inc. (Bronx, N.Y.)	Grocery Stores	Acquisition of 15% interest (major portion acquired in 1978)	N.A.

Table A1--Foreign Direct Investment Transactions in the U.S. Food Retailing Industry, 1924-1982[1]--9

Foreign Investor[2]	Home Industry of Foreign Investor	Acquired U.S. Company	Industry of U.S. Company	Type of Transaction	Cost of Transaction
		1979			
Tengelmann Group (Germany)	Grocery Stores	Great Atlantic & Pacific Tea Company (Montvale, N.J.)	Grocery Stores	Acquired 29% interest and options to purchase additional 13% interest before the end of the year	$78.6
Theo. Albrecht Stiftung (Germany)	Trust Company	Pronto Markets (S. Pasadena, California)	Grocery Stores	Acquired full ownership	N.A.
Tengelmann Group (Germany)	Grocery Stores	Plus Discount Foods	Grocery Stores	New Outlet	$12.5
Yaohan Department Store (Japan)	Department Stores	Yaohan Supermarket (California)	Grocery Stores	New Outlet	N.A.
George Weston (Canada)	Food Distribution	Applebaum's Food Markets (St. Paul, Minnesota)	Grocery Stores	National Tea acquired full ownership. G. Weston indirectly held a 84% interest in National Tea	$18.9
Rewe Handelgesellschaft Leibbrand (Germany)	Food Distribution	Furr's Inc. (Lubbock, Texas)	Grocery Stores	Acquired full ownership	N.A.
Promodes (France)	Grocery Stores	Red Food Stores (Chattanooga, Tennessee)	Grocery Stores	Acquired full ownership	$18.5
Seiyu Stores (Japan)	Grocery Stores	Parkview-Gem Supermarkets (Hawaii)	Grocery Stores	Acquired full ownership	$5.0

Table A1--Foreign Direct Investment Transactions in the U.S. Food Retailing Industry, 1924-1982[1]--10

Foreign Investor[2]	Home Industry of Foreign Investor	Acquired U.S. Company	Industry of U.S. Company	Type of Transaction	Cost of Transaction
		1979-81			
Sobey Group (Canada)	Grocery Stores (Sobey Stores) & Car Renting Interests	Hannaford Bros. (S. Portland, Maine)	Food Whole-saling	Increased equity interest to 20%	N.A.
		1980			
Theo. Albrecht (Germany)	Trust Company	Albertson's (Boise, Idaho)	Grocery Stores	Acquired 9.9% interest	$25.0
Delhaize, Freres & Cie "Le Lion" (Belgium)	Grocery Stores	Altermann Foods (Atlanta, Georgia)	Grocery Stores	Acquired full ownership	$35.0
George Weston (Canada)	Food Distribution	Park Edge Super-markets (Buffalo, N.Y.)	Grocery Stores	Acquired by Peter J. Schmitt (subsidiary of Loblaw, Canada)	N.A.
Generale Occidentale (France)	Holding Company (see above)	J. Weingarten, Inc. (Houston, Texas)	Grocery Stores	97.6% ownership via acquisition by Cavenham	$28.5
Dai' ei, Inc. (Japan)	Grocery Stores	Holiday Mart (Honolulu, Hawaii)	Grocery Stores	Acquired full ownership	$15.0
Hugo Mann (Germany)	Furniture & Home Furnishing Stores	Fed Mart (San Diego, California)	Department Stores	Increased interest from 68% to 88%	$50.0
Albert Gubay (United Kingdom)	Entrepreneur	3 Guys, Inc. (Charlotte, N.C.)	Grocery Stores	Establishment of business	N.A.
Silverwood Industries (Canada)	Grocery Stores	Hop In Food Stores (Roanoke, Virginia)	Grocery Stores	Acquired 33% interest	$3.2
Silverwood Industries (Canada)	Grocery Stores	Fairview Ltd. (Flint, Michigan)	Grocery Stores	Acquired full interest	$0.6

Table A1--Foreign Direct Investment Transactions in the U.S. Food Retailing Industry, 1924-1982[1]--11

Foreign Investor[2]	Home Industry of Foreign Investor	Acquired U.S. Company	Industry of U.S. Company	Type of Transaction	Cost of Transaction
		1980-81			
Tengelmann Group (Germany)	Grocery Stores	Great Atlantic and Pacific	Grocery Stores	Increased interest from 42% to 50.5%	$13.0
		1981			
Steinberg (Canada)	Grocery Stores	Smitty's Super Value (Phoenix, Arizona)	Grocery Stores	Acquired full interest	$125.0
Sobey Group (Canada)	Holding Company with interests in grocery stores and car renting	Hannaford Bros. (S. Portland, Maine)	Food Whole-saling	Increased equity interest from 20% to 23%	$3.7
Ahold (Netherlands)	Grocery Stores	Giant Food Stores (Carlisle, Pa.)	Grocery Stores	Acquired full ownership	$35.0
Hugo Mann (Germany)	Department Stores	Fed Mart (San Diego, California	Department Stores	Equity increase	$20.0
Tengelmann (Germany)	Grocery Stores	Stop & Shop Companies (New Jersey Stores)	Grocery Stores	Acquisition	$50.0
Generale Occidentale (U.K.)	Molding Company	Grand Union (Maryland)	Grocery Stores	New Outlet	N.A.
		1982			
George Weston (Canada)	Food Distribution	Star Supermarkets (Rochester, N.Y.)	Grocery Stores	Acquisition of full interest by P.J. Schmitt	$12.2
G. Weston (Canada)	Food Distribution	National Tea (Rosemont, Ill.)	Food Retailing	Acquisition of remaining 16% interest	$12.8
Silverwood Industries (Canada)	Grocery Stores	Hop In Food Stores (Roanoke, Virginia)	Grocery Stores	Acquisition of remaining 67% interest	$6.8

Table A1--Foreign Direct Investment Transactions in the U.S. Food Retailing Industry, 1924-1982[1]--12

EXITS FROM THE U.S. FOOD RETAILING INDUSTRY

Exiting Company	Major Home Industry	U.S. Company	Major Industry	Method of Exit
		1974-76		
Bowater (U.K.)	Paper Products	Fairmont Foods (U-Tote M) (Omaha, Nebraska)	Dairy Mfg. U-Tote M Div.: Convenience Store	In the period 1974-76, Bowater sold its equity interest in Fairmont Foods. The exact date of this transaction is not clear.
		1981		
Hugo Mann (Germany)	Furniture and Home Furnishing Stores	Fed-Mart (San Diego, California	Department Stores	Company liquidated

Table A1--Foreign Direct Investment Transactions in the U.S. Food Retailing Industry, 1924-1982[1]--13

[1]Includes acquisitions, equity increases, establishments of new business enterprises. A foreign direct investment is defined as the direct or indirect ownership of a 10% interest in a business enterprise.

[2]The ultimate parent company is listed. This may differ from the company actually doing the investing.

[3]Aldi-Albrecht entered the U.S. by acquiring Benner Tea, an Iowa wholesaler. Subsequently, Aldi established a chain of 1 assortment stores.

Sources: U.S. Department of Commerce, International Trade Administration, Foreign Direct Investment in the United States 1981 Transactions (Washington, D.C.)
U.S. Securities and Exchange Commission, Official Summary of Security Transactions and Holdings, various years.
Moody's Industrials, various years.
D. Tigert, George Weston Limited, Royal Commission on Corporate Concentration, Study #12 (Ottawa: Minister of Supply and Service/Canada, 1977).

Appendix Table A2--Leading Non-U.S. Food Retailing Firms, 1980

Company	Worldwide Company Sales ($Mill) (Year)	Domestic Lines of Business	Foreign Lines of Business	Food Retail Subsidiaries	World-Wide Food Retail Sales	Number of Food Stores & Location
Ahold (Netherlands)	2795 (12/80)	Food Retailing, meat processing, dairy and dry grocery processing, restaurants, liquor stores, vacation centers Distribution of sales: domestic (1979) Albert Heijn Stores 63.8% Simon de Wit Stores 11.0% Miro Hypermarkets 11.8% Liquor Srores 2.9% Restaurants and vacation centers 2.1% Food Mfg. 8.3% 99.9%	U.S. & Spain: food retailing Belgium & W. Germany Restaurants	Albert Heijn (Netherlands) Simon de Wit (Netherlands) Ahold Espana (Spain) Bi-Lo (U.S.) Giant Food[a] (U.S.)	1,787 (Neth.) '79 695 Sp & US 2,482	Neth.: 552 (257 Supermarkets, 10 Hypermarkets Spain: 5 Supermarkets U.S.: 103 Supermarkets Total: 660
Aldi-Albrecht (Germany)	5810[b] (80)	Food retailing	Food Retailing in U.S., Denmark, Netherlands and Austria	Aldi-Nord (Germany) Aldi (Denmark) Aldi-Benner (US) Aldi (Netherlands Aldi (Austria)	Germany 5810 ('80) U.S. 111 ('80) Denmark 28 ('78)	Germany 1800[b] U.S. 85 Denmark Netherlands N.A.
Associated Dairies (U.K.)	2835 (1980)	Food Retailing, Dairy Mfgs., Carpet and Furniture Stores		ASDA	1899	U.K.: 75 Superstores
Auchan (France)	1170 ('77)	Food Distribution				France: 21 Hypermarkets

LEADING NON-U.S. FOOD RETAILING FIRMS, 1980--2

Company	Worldwide Company Sales ($Mill) (Year)	Domestic Lines of Business	Foreign Lines of Business	Food Retail Subsidiaries	Worldwide Food Retail Sales	Number of Food Stores & Location
B.A.T. Industries (U.K.)	10,987[c] (12/80)	Dist. of sales: World-wide: Tobacco Mfg. (43%), Supermarkets and department stores (17%) paper products (11%), packaging and printing (6%) associated companies (8%), finance (9%), cosmetics and home improvements products (6%), assoc. companies (8%) dist. of sales area - 1981 U.K.: 20% Other Europe: 19% North America: 36% Latin America: 14% Asia: 5% Africa: 4% Australiasia: 2% U.K.: Tobacco Mfg., food and non-food retailing, paper products, packaging and printing, cosmetics	Tobacco manufacturing in Germany, Belgium, Finland, Netherlands, and Switzerland & Brazil. Department stores in Germany (34% interest in Horten), paper mills in France, Eire and Belgium, printing companies in France Germany: mfg. of floor coverings and plastics, supplier of sunblinds, room dividers, kitchen units and shower cabinets, cosmetic mfg. plants in Germany, France, Spain and Switzerland; U.S.: Tobacco 41% Paper mfg. 9% Food retail 15% Dept. stores 17% Specialty Stores 17% (Inc. Saks) Other 1% Imasco (49% owned by B.A.T.) Canada: Tobacco & Food Mfg. Retailing (Drug Stores Stores, Tobacco Shops) U.S.: Fast Food Restaurants	International Stores (U.K.) Kohls (U.S.)	1,752 (U.K.) 630 (U.S.) 2,382	U.K.: 524 U.S.: 77 Total: 601

LEADING NON-U.S. FOOD RETAILING FIRMS, 1980--3

Company	Worldwide Company Sales ($Mill)(Year)	Domestic Lines of Business	Foreign Lines of Business	Food Retail Subsidiaries	Worldwide Food Retail Sales	Number of Food Stores & Location
Carrefour (France)	4518 (12/80)	Retailing through hypermarkets: food retailing 57% of total sales	Hypermarkets in U.K., Italy, Spain, Switzerland, Austria and Brazil	France: Sogara, Sogramo, G.S.D., Venette, Super-store, Semgs Austria: Carrefour Verbraucher Market Brazil: Trevo Comercio e Industria Ltda. Spain: Almar Barcelona, Iberica de Hipermercados Promotoro de Hipermercados Italy: Italmare, Milan U.K. Hypermarket (holdings) Ltd.	Hypermarkets floor space (sq. meters) France: 671,000 (70.2%) Spain: 146,000 (15.3%) Brazil: 62,600 (6.5%) U.K.: 30,300 (3.2%) Austria: 17,200 (1.8%) Italy: 14,600 (1.5%) Switzerland: 13,900 (1.4%) Total: 955,700 Total Food Retail Sales: 2575 (12/80)	France: 52 Spain: 16 Brazil: 8 U.K.: 6 Italy: 3 Switzerland: 2 Total: 87

LEADING NON-U.S. FOOD RETAILING FIRMS, 1980--4

Company	Worldwide Company Sales ($Mill) (Year)	Domestic Lines of Business	Foreign Lines of Business	Food Retail Subsidiaries	Worldwide Food Retail Sales	Number of Food Stores & Location
Casino (Guichard-Perrachon ET CIE) (France)	2153 (12/78)	Food Retailing, Food manufacturing (meat, confectionery, coffee, soft drinks, oil, wine and liquor bottling), cafeterias, warehouses	U.S.: Cafeterias	Somaca L'Epargne	2045 (12/78)	France: 2028[d] (62 Supermarkets), 9 Hypermarkets
Coles (G.J.) (Australia)	3142 (7/80)	Variety and food stores: Supermarkets and Discount Department Stores			Australia's Leading Supermarket Chain	
Comptoirs Modernes (France)	1547 (12/79)	Food Retailing			1547 (12/79)	51 Supermarkets
DAIEI (Japan)	5586 (3/81)	Retailing of a Broad line of merchandise: Food (37%), clothing and personal effects (27%) household utensils (15%) other (21%), also dairy mfg.	U.S.: Supermarkets, Restaurants, shopping centers	U.S. Holiday Mart	2067 (3/81)	Japan: 535 U.S.: 5 Total: 540
Delhaize Freres & Cie "Le Lion" (Belgium)	2138[e] (12/80)	Food retailing	U.S.: Food retailing and wholesaling	Delimmo, S.A. (Belgium) Food Town (U.S.) Food Giant (U.S.)	U.S: 907 ('80) Belgium: 1207 ('79)	Belgium: 122 (88 Supermarkets, 34 other self service) U.S.: 200 Supermarkets

LEADING NON-U.S. FOOD RETAILING FIRMS, 1980--5

Company	Worldwide Company Sales ($Mill)(Year)	Domestic Lines of Business	Foreign Lines of Business	Food Retail Subsidiaries	Worldwide Food Retail Sales	Number of Food Stores & Location
Docks de France (France)	2600 ('80)	Retailing of both food and non-foods	U.S. & Spain: Supermarkets	France: Ruthe Picarde (67% interest) Cofradel (47% interest)		France: 332 (47 Supermarkets, 15 Hypermarkets) U.S.: 146 convenience stores Spain: N.A. Total: 478
Dominion Stores (Canada)	3219 (3/81)	Food retailing, iron ore and gold mining, food mfg.				Canada: 368
Euromarche (France)	2153[f] ('78)	Food retailing			2153 ('78)	France: 374 (140 Supermarkets, 34 Hypermarkets)
GB-Inno-BM (Belgium)	2964 (1/81)	Fashion, discount department stores, home improvement stores, hypermarkets, restaurants, hotels	W. Germany: Restaurants U.S.: Retail building materials and supplies		Belgium's 2nd largest supermarket chain	Stores: 203 (154 supermarkets 49 Hypermarkets)

LEADING NON-U.S. FOOD RETAILING FIRMS, 1980--6

Company	Worldwide Company Sales	Domestic Lines of Business	Foreign Lines of Business	Food Retail Subsidiaries	Worldwide Food Retail Sales	Number of Food Stores & Locations
Generale Occidentale (France)	5834 (3/80)	Seasonings and spices, mustard, ketchup, vinegar, mayonnaise, sauces, pickles, confectionery products, pastry and desserts; also banking, newspapers, insurance, real estate Sales - Line of Business - 1978-79 World Wide Distribution - 88% Manufacturing - 12% U.K. Distribution - 89% Manufacturing - 11% Sales - Area (1978-79) North America - 60% U.K. - 31% Continental Europe and other countries - 9%	U.K.: food retailing, food manufacturing (meat and vegetable extracts, confectionery, canned dairy products, soft drinks, jams) Sweden: Potato products, pickles, sauces and dressings, fruit and vegetable products, frozen foods Spain: Canned vegetables, animal feeds Austria: Canned vegetables, ready meals, soups and sauces Ireland: Meat and vegetable extracts Meat and vegetable extracts in Canada and South Africa U.S.: Supermarkets Owns 41% of Diamond International,[h] a maker of molded pulp, matches and machinery systems	Allied Suppliers[g] (U.K.) Grand Union (U.S.)	5133 (3/80) U.S.: 3137	U.K.: 128 Supermarkets U.S. 857 Total: 985

LEADING NON-U.S. FOOD RETAILING FIRMS, 1980--7

Company	Worldwide Company Sales ($Mill)(Year)	Domestic Lines of Business	Foreign Lines of Business	Food Retail Subsidiaries	Worldwide Food Retail Sales	Number of Food Stores & Location
Greatermans Stores (South Africa)	1346 (6/81)	Food retailing, department stores, real estate, shipping services		Checker Stores	South Africa's leading supermarket chain	South Africa: 170 (160 supermarkets, 4 hypermarkets, 5 "Millys," 1 "Rieses."
Ito-Yokado (Japan)	3410 (3/81)	Retailing of a broad line of merchandise, restaurants Dist. of sales - 1980 Clothing - 32.5% Food - 36.1% Household Goods - 21.3% Other - 10.1%		Seven-Eleven York Mart Co.	1231 (3/81)	Japan: 1,166 (102 superstores, 24 supermarkets, 1,040 convenience stores)
Karstadt (Germany)	5823 (12/80)	Department Stores, Supermarkets, mail order and tourism		Kepa Kaufhaus	1514 (12/80)	
Alfred Massa (Germany)	1327 (12/80)	Food retailing, food manufacturing (meats, coffee, bakery and confectionary, soft drink bottling)			1168 (12/80)	

LEADING NON-U.S. FOOD RETAILING FIRMS, 1980--8

Company	Worldwide Company Sales	Domestic Lines of Business	Foreign Lines of Business	Food Retail Subsidiaries	Worldwide Food Retail Sales	Number of Food Stores & Location
Marks & Spencer (U.K.)	4470 (3/81)	Retail stores selling clothing, foods and other merchandise	Department stores: Canada, France, Belgium, Ireland		1386 (3/81)	
Promodes (France)	2603 (12/80)	Wholesale distribution of food and non-food products, food retailing, cafeterias, warehouses, vinegar and meat mfg. Distribution of sales: Food products 62% Textiles 10.8% Hard goods 21.2%	Spain & W. Germany: hypermarkets U.S.: supermarkets	Socorena (Spain) Red Food Stores (U.S.)		France: 127 (58 supermarkets, 27 hypermarkets, 42 superettes) Spain: 7 Germany: N.A. U.S.: 34 supermarkets Total: 168
Pick N'Pay (South Africa)	999 (1980)	Food retailing			999 (1980)	South Africa: 40 (39 supermarkets, 1 hypermarket)
Radar (France)	1981 (1980)	Holding company for retail store group; supermarkets, hypermarkets, department stores	Spain: supermarkets		1670 (1980)	France: 2176 (18 hypermarkets, 142 supermarkets, 246 superettes)
Rewe-Leibrand (Germany)	2780 (12/80)	Food retailing		Germany: Latscha Frankfurt R-Kauf-Markte U.S.: Furr's	2780 12/80	U.S. 89

LEADING NON-U.S. FOOD RETAILING FIRMS, 1980--9

Company	Worldwide Company Sales ($Mill) (Year)	Domestic Lines of Business	Foreign Lines of Business	Food Retail Subsidiaries	Worldwide Food Retail Sales	Number of Food Stores & Location
Sainsbury (U.K.)	3793 (2/81)	Food retailing			3793 (2/81)	U.K.: 208 supermarkets, 14 other grocery outlets, 20 freezer centers
Adolf Schaper (Germany)	1856 (9/79)	Holding company for food retailing and wholesaling interests		Schapervertiebsgesellschaft, Joh. Contzen, real-kauf, Hannover extra Handelsgesellschaft, extra-SB-Warenhausgesellschaft	1270 9/79)	
Seiyu Stores (Japan)	2736 (3/81)	Retailing of a broad line of merchandise: food (44%), clothing (28%), household utensils (22%), other (9%)	Guam: supermarkets and department stores France: hotels Australia: farming		1213 (3/81)	
Steinberg (Canada)	2090 (7/80)	Food Retailing, restaurants, department stores; food wholesaling, food manufacturing (bakery, sugar, grain milling)		Steinberg Foods (Canada) Smittys (U.S.)[i]	1580 (7/80)	Canada: 224 supermarkets

LEADING NON-U.S. FOOD RETAILING FIRMS, 1980--10

Company	Worldwide Company Sales ($Mill)(Year)	Domestic Lines of Business	Foreign Lines of Business	Food Retail Subsidiaries	Worldwide Food Retail Sales	Number of Food Stores & Location
Tengelmann Group (Germany)	10,409 (80/81)	Food retailing: also food wholesaling and manufacturing	Food retailing in Austria, U.S. Canada U.S.: Food mfg.	Kaisers-Kaffee (Germany) A & P (U.S.) A & P (Canada)	3,520 (Germany & Austria) 6,404 (U.S.) 485 (Can.) 10,409[j]	Germany: 1,000 supermarkets, 600 limited assortment stores, 30 hypermarkets Austria: 40 supermarkets U.S.: 1429 Canada: 113 Total 3212
Tesco Stores (U.K.)	4345 (2/81)	Food Retailing, household wares and textile retailing; restaurants	Ireland: Food	Tesco Stores Cartier's supermarkets	The Leading supermarket chain in the U.K.	U.K.: 571 Ireland: N.A.

LEADING NON-U.S. FOOD RETAILING FIRMS, 1980--11

Company	Worldwide Company Sales	Domestic Lines of Business	Foreign Lines of Business	Food Retail Subsidiaries	Worldwide Food Retail Sales	Number of Food Stores & Location
G. Weston[k] (Canada)	10,792 ('80)	Food Retailing and Wholesaling, food processing (bakeries, biscuits, flour, confectionery, chocolate, ice cream, fluid milk), fisheries, pulp, paper products Dist. of sales - 1980 Canada and U.S. Food distribution: 79.3% Food processing: 10.9% Forest products: 5.4% Fisheries: 4.4%	U.K.: Flour Milling, Bakery Mfg., biscuits and crispbread, tea and coffee, fats, canned vegetables and pet foods, frozen foods, supermarkets Ireland: Supermarkets and retail textile shops, department stores Germany: Supermarkets U.S. Food retailing and wholesaling; biscuits, bakeries, canned and frozen fish; paper products Australia and New Zealand: flour and feed mills, bakeries, biscuits South Africa: flour and feed mills, poultry, fats, drugs, retail book store chain Dist. of Sales: Area Canada: 32.9% U.K.: 31.3% U.S.: 19.6% Other: 16.1%	Loblaw (Canada) National Tea (U.S.) Fine Fare (U.K.) Stewarts (N. Ireland) Power Supermarkets (Ireland) Quinnsworth (Ireland) Deutscher Supermarkets (44% ownership)	Can: 1080 ('80) U.S.: 1214 ('80) U.K.: 1109 (79) Ireland: N.A. Germany: 666 Total 4069	Canada: 415 U.S. 221 U.K.: 707 Ireland: 60 Germany: 200 (as of '75) Total 1603

LEADING NON-U.S. FOOD RETAILING FIRMS, 1980--12

Company	Worldwide Company Sales ($Mill) (Year)	Domestic Lines of Business	Foreign Lines of Business	Food Retail Subsidiaries	Worldwide Food Retail Sales	Number of Food Stores & Location
Woolworth, Ltd. (Australia)	2676 (1/81)	Supermarkets, food stores, discount stores, variety store; meat processing plants				Australia: 482 (264 supermarkets)

Footnotes

[a] Acquired in 1981 and therefore not included in 1980 U.S. sales and stores totals. In 1981, Giant Food operated 29 stores with sales of 266M.

[b] Estimated by Progressive Grocer (# of stores) and Supermarket News (Sales).

[c] Excludes excise taxes.

[d] Refers to the year 1975.

[e] It is not clear if company sales include Alternmans, acquired in 1980.

[f] Includes Viniprix. Viniprix is the major shareholder (69.4% interest) among a group of firms with a significant equity interest in Euromarche.

[g] Allied Suppliers was sold to Argyll Foods in 1982.

[h] Acquired remaining interest in Diamond International in 1982.

[i] Acquired in 1981 and therefore not included in sales and store totals. In 1981, Smitty Super Value. Operated 20 stores with sales of $375M.

[j] Includes food mfg. and food wholesaling.

[k] Includes Associated British Foods. Associated British Foods is 71% owned by Wittington Investments, Ltd., a holding company for the George Weston Family.