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WHAT IS THE FOOD INDUSTRY'S PUBLIC RESPONSIBILITY AND HOW WELL IT IS BEING MET - RETAIL VIEWPOINT

by
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I am very pleased to participate in a small way in your convention and happy indeed that Steinberg's Limited will have the opportunity of acting as your host during part of your stay in Montreal.

We are supposed to be discussing the food industry's public responsibility and how well it is being met. I have been assigned the task of expressing a retail point of view on the subject.

First, may I say that I am no expert. The usually accepted modern definition of the term is an ordinary guy fifty miles from home. There is no disputing my qualification on the first count but, alas, Montreal is my home town.

So what I have to say is not based on years of actual front line experience in selecting, ordering, warehousing, pricing, advertising and displaying goods or in giving service with a smile at the store level, but I can look back more than half a century and my experience includes drafting purchase orders, warranties and a host of contractual documents, advising on legal requirements and ethical practices, handling litigious claims, negotiating with unions, arranging financing, reporting to shareholders, dealing with governments, boards and commissions at various levels, and--in a good year--eating fairly regularly.

My bank balance tells me I am a consumer. The performance of my wife's so-called economy car and the treatment I received recently at a self-service gas outlet convince me that I am susceptible to all the outrage and frustration that this species is reputed to experience in the marketplace. But I don't buy a good deal of the absolute nonsense that is being disseminated as gospel about the retail food industry--in many instances by those who should know better.

Our latter day consumer advocates didn't invent the wheel. Sharp operators probably go back to the stone age and I venture to suggest that many of them were clobbered by the neanderthal Naders of their day. Louis XI of France who reigned in the 15th century and who wielded at least as much influence as our Department of Consumer and Corporate Affairs, legislated a simple but effective punishment for deceptive practice in the food industry (and I quote):

"Anyone who sells butter containing stones or other things (to add to the weight) will be put into our pillory; then the said butter will be placed on his head and left until entirely melted by the sun. Dogs may come and lick him and people offend him with whatever defamatory epithets they please without offence to God or the King".

(This was a dandy, low cost scheme that involved a minimum of bureaucracy!)

Certainly, sharp practice and appropriate punishment have been with us for a long, long time but so have honesty, fair dealing and responsibility to one's fellow man.

Concepts of legality and of what is fair and ethical have evolved over the centuries from the somewhat unsympathetic Roman maxim "Caveat emptor" - "let the buyer beware"-- to the modern situation where a host of overlapping laws and regulations spell out approved standards of commercial conduct and in many cases provide sanctions that would deter all but the bravest of bare-face crooks.

The basic responsibilities of food retailers in 1977 seem pretty straightforward, if not always easy to fulfill; to offer for sale and to sell high quality nutritious food, under sanitary conditions, at places convenient to the public and at prices which are as low as the realization of a reasonable profit will permit. It goes without saying that our employees are entitled to fair wages, adequate fringe benefits and good working conditions.

These are the basic responsibilities. However, customers, unions and governments tend to expect or impose ever-higher (or more restrictive) standards of performance. By way of partial example only, we are expected to respond in a positive way to the need for consumer education; to provide further expensive employee benefits such as maternity leave and dental plans; to conform to conflicting provincial and federal labelling requirements (as well as to implement the provisions of Quebec's new language law); to compete more effectively in the marketplace while limiting our advertising and promotion expense (advertising and

promotion are apparently two dirty words!); to contribute in a meaningful way to the communities in which we do business; and somehow to keep shareholders satisfied and attract investment capital despite anti-inflation laws which severely restrict the payment of dividends and oblige us to rebate so-called "excess revenue" to our customers even though our total net profits may have declined.

Like our counterparts in the United States we must cope with a bewildering array of new regulations and reporting responsibilities. I am reminded of the story of the weary employer who when filling out a form encountered the request "Please list your employees broken down by sex". He replied "We don't have any as far as I know--but one or two have an alcohol problem".

I contend that, all things considered, food retailers are discharging their responsibilities very well. Surveys have shown that convenience, price and variety of assortment are very high on the preference list of food shoppers, with quality of product, service and the general shopping environment somewhat less important. Politicians, bureaucrats and media personnel would do well to consider the progress made in these and other areas over the past few decades, before they embark on sophomoric criticism of the industry. Some of us are old enough to remember the bad old days.

But lest you misunderstand, I hasten to add that I subscribe fully to the view that we must do better. That, in fact, is the basic philosophy which motivates my company, Steinberg's Limited.

We decided long ago to be a leader in our field. This involves an acceptance of the necessity for change--in fact it calls for a conscious, virtually

constant effort to bring it about, and always with the underlying objective of effecting savings which can benefit the consumer. Adherence to this policy has permitted us to grow from a single small grocery store (started with a capital of some \$200) to the diversified retailer that in fiscal 1977 employed over 24,000 people and registered sales of over \$1.75 billion to its Canadian customers.

If I may toot our own horn for a moment, for this is the company I know most about, our contributions to the industry have been many and varied. Early on we established an enviable reputation for the freshness of our fruits and vegetables. We were among the earliest to convert to self-service supermarkets. We pioneered the first 100% self-service meat departments in North America and were the first to have federal meat inspection centers in our own plants. We established standards of egg grading before our governments moved in that direction. We persuaded Quebec apple growers to establish cold storage facilities and Quebec farmers to plant new cash crops. We were the first in Canada to install conveyor belts at the cash register. We were the first Canadian food retailer to develop shopping centers. Among Canadian food retailers we were the first to establish quality control laboratories staffed by qualified microbiologists and technicians in order to test the adherence to approved ingredient standards of our own private label products and also the national brands we sell. And we led the way in food discounting in Canada. As the House of Commons Committee on Trends in Food Prices reported: "Perhaps the most dramatic evidence of competitive behaviour was the Steinberg's switch in late 1968...to a discount format".

More recently we have taken positive steps to adopt unit pricing and to abandon selling items on the basis of two or

three for a single price, such as for example "3 for 89 cents". We have encouraged manufacturers to discontinue "cents off" promotions. We have substantially increased the number of our private label food products--items whose quality is equal to or better than national brands but which sell for less.

In 1974 Steinberg's introduced the first successful electronic scanning checkouts in Canada, to successfully use the Universal Product Code--a development which is potentially as important as was that of the supermarket in its time. Within the past year we have developed a number of new highly nutritious products in our bakery, which incidentally is the most modern in Canada; we have greatly improved our sanitation programs and have acquired a mobile laboratory to spot-check sanitation in our stores.

I could go on and on. I will mention only one or two other matters. One is communication--the absolute necessity of making our policies and actions known and understood. We have always kept in close touch with our customers so as to be aware of their needs and preferences, to respond positively to their complaints and to make them aware of what we are doing. So we maintain a dialogue, through seminars, consumer panels, films, meat demonstrations and plant visits as well as through regular contact with consumer associations. Similar contacts are maintained with governmental representatives at all levels--federal, provincial and municipal--both on an ongoing and an ad hoc basis. It goes without saying that our contacts with the many unions that represent our employees are frequent and that there is generally a frank exchange of views.

In the area of human relations we have devoted a good deal of time and money in studying and putting into practical application advanced theories on how the quality of working life may be improved in our operations.

I won't bore you with a recital of what we do to discharge our community responsibilities. Suffice it to say that the list ranges all the way from school bursaries, university scholarships and subsidization of the arts to support of youth projects, taking underprivileged children and elderly people to sporting and cultural events, helping to finance an adventurous trip through the Northwest Passage and operating without cost a National Food Bank Center for Canada-wide distribution of special foods required for the treatment of metabolic and hereditary diseases.

I have told you something about Steinberg's. But much of this applies to other Canadian retailers, large and small, who conscientiously strive to meet the needs of their customers and to otherwise discharge their social responsibilities. Unfortunately their good performance is largely taken for granted; isolated improprieties and even innocent errors are often magnified out of all proportion by overzealous bureaucrats or by sensation-hungry media.

And I want to reemphasize the point: The retail food industry's record is good! This has been confirmed by the House of Commons Committee on Trends in Food Prices, the Food Prices Review Board and the Anti-Inflation Board. It has been confirmed by the scarcity of complaints made to Box 99--obviously an idea whose time had not yet come--and by the periodic reports of the Department of Consumer and Corporate Affairs.

Some of our public officials seem to believe the worst of everyone. It is

hard for them to accept that the great majority of retailers know full well that they cannot benefit from misleading advertising or other shady practices depending as they do on the continuing patronage of their customers. To such skeptics I commend the thoughts of Aldous Huxley who wrote: "It is far easier to write ten passably effective sonnets, good enough to take in the not too enquiring critic, than one effective advertisement that will take in a few thousand of the uncritical buying public". Perhaps had they been aware of this opinion, our legislators would not have been tempted in our competition legislation to abandon the criterion of the reasonable man for that of the village idiot.

Food retailers are highly visible and therefore highly vulnerable. It is natural therefore, that some have banded together in associations in order to discuss their common problems and to present their common views to government and the public.

One such representative organization (which includes retailers of virtually every stripe) is the Retail Council of Canada. I think you would be impressed by the very thorough, constructive and dispassionate submissions that the Council has made to various levels of government on behalf of the retail food industry. These cover matters as diverse as tariffs, metrication, standardized meat nomenclature, packaging and labelling, microbiology of meat, warranties, recall of food products, the role of marketing boards, competition policy, a national food policy, industry productivity (they have a major project going on that) the end of wage and price controls...and many more.

So I say to you, the retail food industry is vigorous, productive and responsible. It is not insensitive to the

needs of its customers or to its social responsibilities. The real insensitivity may lie with those who question its right to a fair return and rather than

seeking cooperative solutions have tended to saddle it with an ever-increasing load of legislation, regulation and governmental policy.