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# CONVENTIONAL SUPERMARKETS

by

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It all begins with the sales forecast for the new store. If the sales estimate is over optimistic, the store will be over-built; this will not only waste capital, but also energy in excessive lighting, heating and refrigeration. It also increases the labor cost in extra travel, floor care, facing and dummied displays.

Another major problem is the move to more and more service departments; i.e., bakeries, delis, fresh fish, floral, cheese centers, etc., and if a store doesn't obtain real high volume, these departments are like millstones around our necks.

In 1971, at this very same conference, Professor Gordon Bloom of M.I.T. in keynote address stated that because the Retail Food Industry limits their measurements to a particular area, such as warehousing, trucking, stores or departments within stores; that by doing so, you can play games with the data unless they look at the whole operations. Otherwise, each segment will claim savings in their particular area and they will overlap; thus, distorting the data. Many service departments lose money, but claim they draw customers. Does management know the trade-offs? If there is a question of productivity versus service, the retailer will always go for service. You can see the trend in the industry for more service departments. So, in reality, even though we get automated checkstands, we might not take full advantage of the labor savings factor. We might turn around and plow it into additional services; more carry-out, more service departments, etc. I think we can all agree that Gordon Bloom's prediction was "right on."

On the other hand, if you underbuild the store for its sales volume, you probably lose some customers. You also tie yourself into congestion which will increase your labor cost because you have to use more night stocking, stock fast selling items during peak hours, and there is no room for case plus stocking.

The stores should be build "from the inside out;" that is, decide on what items you want to stock in the new store and how much space would be required based on case plus stocking for most items. This method will determine the amount of lineal footage of display cases needed.

## Backroom

The storeroom is designed to protect the merchandise; for efficient handling, security, storage and utilization of space to optimize operating and construction cost. Of these, the protection of the merchandise and the effect on labor requirements are given prime importance. Actually, the protection of merchandise has a direct relationship to labor requirements if the merchandise requires refrigeration, and it is not stored in the cooler, and it later requires extra culling and trimming. Industry figures show that labor cost is approximately 50% of the operating cost and about 75% controllable expense. The need for careful planning in store design for its effect on productivity is obvious.

Our stores are designed to receive palletized loads at one common receiving area to maximize our receiving security and to avoid duplication of floor, dock and ramp space, and to simplify the pick-up of returnable items and trash. We install floor level docks large enough to

allow two trucks to unload simultaneously. This helps prevent our trucks from queuing while they are trying to unload simultaneously at stores that are close to our distribution centers.

The dock is usually located near the grocery storage area which is also normally near the produce cooler box and the dry produce storage area, because more than half the pallet loads received are grocery. We want to unload as quickly as possible so that we do not tie up the tractor, trailer and driver.

We locate the receiving dock near the produce storage area because of the large number of pallet loads received. Produce makes up about 20% of the total tonnage, but because produce items come in different sized and shaped containers, it is difficult to palletize them without losing a lot of cube and they account for about 25% of the pallet loads received. Because produce pallet loads tend to be unstable because of the varying sizes and shapes of the containers, they must be moved slowly. This is another reason for minimizing the distance between the produce storage area and the receiving area. In addition, there are many returnable containers which are both difficult to nest and hard to stack; they travel as little as possible.

The backroom makes up about 30% of our total store square footage. Some people might think this amount of space is excessive, however, tight stockrooms hurt productivity for receiving and re-handling merchandise and can offset the cost of the floor space. To illustrate this point, we could build into our stockroom enough space to accommodate an additional grocery load if this extra space saves 2-1/2 manhours per week by eliminating congestion and double handling. Another way this extra space can be cost justified is to assume that not having the space causes delays in unloading of our trucks by only five minutes per delivery.

## Salesfloor

It is important that we incorporate, as much as practical, labor savings techniques found in warehouse type stores, such as offset center fixtures so we can stock full pallets of bulky fast selling paper items like bag dog food.

In produce, we should stock the shipping cases right into the display cases like the old "Tray Display System."

The amount and type of center fixtures used can tie you into excessive inventories and extra labor for the life of the store. An example of this problem is if the shelving in the Health and Beauty Aid section is too deep, it increases inventory and labor by requiring more rotation and facing.

If the height between shelves isn't correct in the can section, it can cause the following problems:

1. Tray Pack items. If there isn't enough room for the customer to pick up a can from the top layer and clear the cardboard lip and bottom of the shelf above, the clerk will have to spend extra time to cut the lip from the tray. Sections where we tray pack should have deep enough shelves that will allow you to display either three or four items facing wide.
2. Stocking individual units, you should avoid giving enough space between the bottom and top of the next shelf to stack more than two items high. The labor cost increases dramatically as you go from two to three or four items high.

The location of where to display certain types of merchandise has an effect on labor. Fast selling, heavy or bulky items are best located near stockrooms so that travel time by stockers will be minimized; of course, for merchandising reasons, this practice cannot always be followed.

We also take into consideration the need for having light items, difficult to price and stock items, up front for our checkers to price and stock during slow periods.

Many of the suggestions that I have made today seem small, yet they are practical and can be obtained. Because of the tremendous repetition in the retail food business, a small saving can add up to a significant saving quickly. I give this example; if we could save one minute per each manhour worked in the supermarket

per week (which is only 1.7% improvement in productivity), it would amount to over \$300 million per year:

Avg. wkly. sales/ store/week	\$	140,000
Avg. sales/mh	\$	90
Total mh/wk/store		1,155
At \$10/mh includ- ing fringe wage	\$	10,000/year
30,000 super- markets		\$300,000,000/year

Thank you.