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## Focus On Food Stores

Retail food store sales from all types of outlets climbed to over \$349 billion in 1989, 11 percent more than 1988. Supermarkets accounted for about 75 percent of the \$329 billion in grocery store sales in 1989. Convenience store sales (including \$15 billion from gasoline sales) reached \$41 billion.

### Retail Food Store Sales Reached \$349 Billion in 1989

In billion dollars

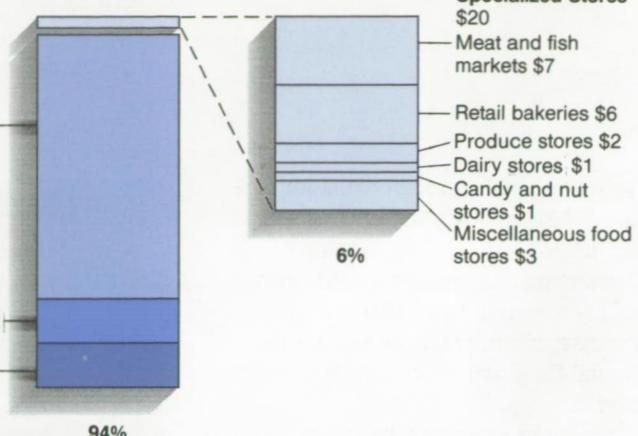
#### Grocery Stores

\$329

Supermarkets \$247

Convenience stores \$41

Superettes<sup>1</sup> \$41



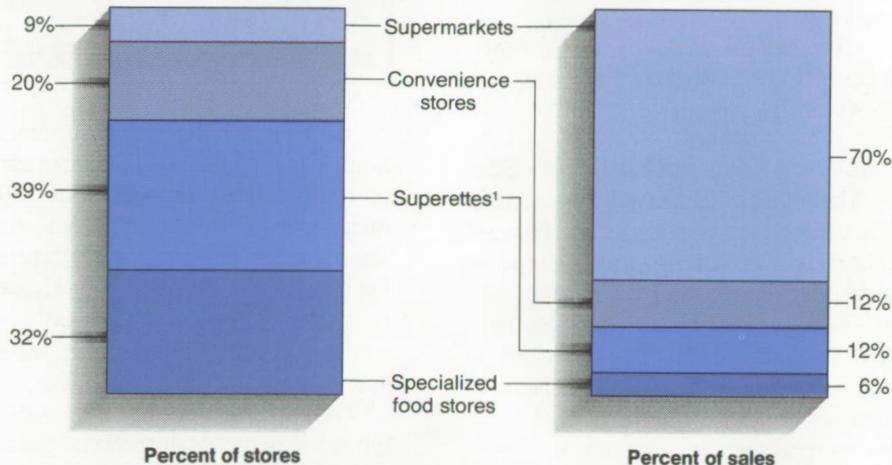
94%

<sup>1</sup>Grocery stores with less than \$2.5 million in annual sales.

Source: *Food Marketing Review*, 1989, USDA, ERS, AER Forthcoming.

The number of retail food stores contrasts sharply with their relative sales. Supermarkets, for example, accounted for 70 percent of sales in 1988, but only 9 percent of retail food stores. Specialized food stores, such as bakery shops, produce markets, butcher shops, and fish and seafood markets, ranked second in number of establishments but had the smallest share of sales. Superettes represented 39 percent of all food stores in 1988. These outlets had many of the same departments found in supermarkets but lacked the minimum annual sales volume to qualify as supermarkets.

### Supermarkets Account for Largest Share of Sales, but Smallest Share of Outlets



<sup>1</sup>Grocery stores with less than \$2.5 million in annual sales.

Source: *Food Marketing Review*, 1989, USDA, ERS, AER Forthcoming.

Over 12,000 new food and grocery products were introduced in 1989 (excluding new size introductions), compared with about 7,300 in 1985. About 62,000 new products were introduced between 1982 and 1989. However, even a superstore can stock only about 60,000 items. According to industry estimates, 90 to 99 percent of new products fail. Introducing a new product is very expensive, but success can be extremely profitable.

### New Product Introductions Rose About 14 Percent Between 1988 and 1989

Thousands of new products

14 —

12 —

10 —

8 —

6 —

4 —

2 —

0 —

1985

1986

1987

1988

1989

Source: Gallo, Anthony E. *The Food Marketing System in 1989*. USDA, ERS, AIB-603, May 1990.