Industrial Supermarket Complex

By: Juby Lee

OPIRG (Ontario Public Interest Research Group)
Supervising Professor: Nadine Changfoot, Trent University
Trent-Centre for Community-Based Education

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Juby Lee
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Nadine Changfoot
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Not a very strong opening line

Buying our food from supermarkets is a regular occurrence; but behind the well placed products and cashiers that scan our purchases, the industrial supermarket complex is not simply about being a store that stocks items that consumers want and buy. There are many tactics that the supermarket chains use to draw consumers in, to drain competition and to increase their profits. In this paper, I want to explore the different ways large food retailers try to entice consumers to not only but to spend more money then what the consumer originally intended to. In the examination of the supermarket complex, there are a number of interesting methods that the food retail industry utilizes to keep the food in their stores consistent and uniform, as well as, make profits and finally implementing strategies to ~~keep them~~ stay remain competitive. sing referring to food retail industry. There is fierce competition between the existing supermarket chains, as profit margins in the supermarket industry are low, the competition comes from each other and increasingly from large retailers like Wal-Mart or Costco ~~who~~ that are moving into the food retail industry. But things were not always like this. Previously, when the service of the food industry was more integrated into the community, the employment opportunities were based on skills, ~~and higher pay~~ wages were higher and the focus of these stores ~~were~~ was based on service and food.

Brief History of the Supermarket

During 1920-1940's the increase of self-service in the food retailing industry began. Prior to this time, grocers would take the customers orders, package them, calculate the food purchases and deliver the items. ~~With the~~ labour shortages during, ~~due to~~ the First World War, made a reduction of ~~the need to reduce~~ this kind of service ~~was~~ necessary. The rise in efficiency in transportation, standardization in packaging and the innovations ie, the cash register, refrigerating systems, and meat slicer also contributed to the decrease in need for labour. The mechanization of the workplace meant the jobs became more simplified. Workers lost their jobs or saw their jobs move towards de-skilled, waged labour, as opposed to skilled, commission employment. For example, the butcher no longer had to singular vs plural know how to gut and clean an animal before it was sold to the customer; they became sing? workers who would order the cuts of meats from suppliers, already cleaned and pre-packaged ready for the consumer.[1] The self-service model had been created and it is this structure that we see in the stores today. Alongside this switch to self-serve, grocery stores became involved in getting to know their customers spending habits on a much larger scale. This is where marketing research began to develop in the food retail industry.

Researching the consumer

The spending habits of consumers are monitored by methods including surveillance to decrease theft and the use of loyalty cards to collect information. These tactics are employed to "better serve" the consumer. As seen in the case study of A&P Canada Inc, by wordy collecting information about purchases, A&P was able to gear their promotions to their clients. A&P's shopping cart data keeps track of what you buy and how it might be related to other purchases you make as well. For instance, consumers that bought Tide detergent shopped at the store more than other shoppers and spent 70%

[1] Jan Kainer, *Cashing in on Pay Equity? : Supermarket Restructuring and Gender Equality,* (Sumach Press: Toronto, 2002): 113-114.

more.[2] Therefore, Tide has become a feature piece when the store distributes fliers, emails and direct mail. It is not just about the how much money the store makes on the box of Tide, but also what else the consumer is buying with Tide. How did they find this information? By using information gathered by Air Miles Cards. Originally, the chain wanted to use the Air Miles program as a way to entice customers into the store. The chain quickly realized the added benefit of gathering information could be used to directly tailor its promotions to their best customers. The targeted customers were broken up into groups: Foodies; Fresh and Healthy; Time Pressed and Price Driven. And they are sent promotions geared towards their spending habits. This is called "customer identification." This tactic is important, as A&P chain stores are located in Ontario and Quebec – where Wal-Mart Supercentres are gaining a foodhold in the supermarket industry.[3] The ability to use the customer loyalty cards is one way that food retailing giants are able to track their consumers spending habits and then use that information ~~in the near~~ future to draw the consumers back into the store.

* Supermarket layout eggs bread milk ex. is impor.

Consumer Experience

The supermarket set-up is to emphasize efficient movement throughout the store while exposing consumers to as many products as possible. This emphasis has actually increased the amount of alienation one feels in a grocery store compared to other shopping environments like malls or farmers markets.[4] There are many examples of this: the self-service provides little interaction between staff and consumers, the shelves are too high to carry conversations between aisles, and at the check-out the single file system is not conducive to carrying conversations. As well, studies have shown the number of

[2] Richard H.Levey, "Tide Turns for A&P." *Direct,* 20.2 (2008): 14-15.

[3] Levey, 15.

[4] Cheuk Fan Ng, "Satisfying Shoppers' Psychological Needs: From Public Market to Cyber-mall." *Journal of Environmental Psychology,* 4.23 (2003): 443.

people who arrive at the grocery store alone is 84% compared to the 10% at farmers markets.[5] These barriers have increased the alienation that one might feel in the supermarket.

Muzak section should be kept too

Decrease in Competition

Large retailers or hypermarkets generally have a higher product? turn over rate per square foot compared to smaller shops. The draw of saving money pulls consumers to larger stores and the rise of these large box stores have resulted in the decrease in the number of independent shops. For instance, in the UK, half of the food consumed by the population of 60 million is bought from less then 1000 stores. This re-enforces the cycle of depending on the large supermarkets.[6] This "hypermarketization" is not just a rich, developed nation phenomenon – this is happening in Africa, Latin America and Asia. For example, four out of ten people live in poverty in Latin America, but the supermarket share of food retail markets went from 10-20% in 1990 to 50-60% in 2000.[7]

In Canada in 2003, retail food sales reached $78 billion; in 2004 that number rose to $82 billion.[8] Compare that to 1991 when the sales were only ~~reached~~ $52 billion. Ironically, the number of supermarkets and food speciality stores has decreased; punctuation? in 1990 there were 33,000 stores and in 2003, it was down to 23,000. This means that each store had their profits increase from $1 million in 1990 to $3 million in 2003.[9] In the last eight years, a ~~the~~ dramatic increase in the "superstore" or "megastore" has occured ~~has been occurring.~~[10] Large food retailers, Loblaws and Sobey's have been building increasingly large stores ~~stores that are increasing in size~~,

[5] Ng, 443.

[6] Tim Lang and Michael Heasman, *Food wars: Global Battle for Mouths, Minds, and Markets,* (Earthscan: London, 2004): 162-163.

[7] Lang, 209-210.

[8] Zafiriou, 11.

[9] Ibid.

[10] Zafiriou, 12

as well as diversifying into non-food items and offering services such as pharmacies, photo developing, clothing, wine, a larger selection of general household products.[11] In the 1980's Loblaws' stores were less than 50,000 square feet, now their stores are up to 120,000 square feet. Though food continues to make up the majority of their sales, Loblaws increasingly profits from general merchandise sales and services, ie drugstores, financial services, entertainment that make up 25-40% of their sales.[12] There is a shift

sing vs plural

happening at mealtime; previously, if one wanted to purchase a meal, they would either: 1.buy food at the grocery store and prepare and cook it at home or 2.order from a restaurant. A growing trend is the already prepared foods offered in the grocery store, in the form of

in store

~~whether it is~~ ready-made ~~in the store~~ or frozen prepared meals. This prepared food

sing to whom? plural

market causes concern because they will be able to out-price restaurants and other food speciality shops. As consumers increasingly desire convenience, the idea of "one stop shopping" has now extended into ready-made meals. Food retailing is changing and competition is increasing not just between supermarkets, but department stores, restaurants, pharmacies, and so on. Another way for larger supermarkets to increase profits is to charge manufacturers for the shelf space that their products take up in the stores.

Slotting fees

Selling to the consumer is the not the only way retailers make money. They also charge manufacturers slotting fees, a price manufacturers pay to have their products "slotted" onto warehouse shelves and for the stores to introduce new products. One theory behind the creation of slotting fees is that new products carry a certain risk and the

[11] Ibid.
[12] Ibid.

supermarket chains avoid the financial impact of having a new product fail by offsetting the cost onto manufacturers. In the case of *Honest Tea*, an organic iced tea company, Seth Goldman, the founder reported that some of the stores that carried his product suddenly stopped only to request the product one month later. The request came with another slotting fee. Sometimes, in lieu of the slotting fees, the *Honest Tea* company negotiated a deal that instead of the fees, the stores would get a free case for every flavour that store ordered, costing the company tens of thousands of dollars. A large food retailer insisted that the teas be sold in coolers and demanded that Honest Tea pay for the coolers, when the organic tea company paid, the supermarket chain sent the tea company

Monthly? annual? one time fee?

a bill charging $1,000 US for the space that each cooler occupied in the store.[13] This is

New paragraph?

one example of the relationship between manufacturers and supermarkets. The pro-slotting fee argument explains why the fees started in the first place. There are estimates of 20,000 new products are introduced each year and only 2,000 of these are successful. And while 20,000 sounds high, it is because it also includes products that have changed packaging or size or label design, etc.[14] When a store decides to carry a new product that means something else has to be discontinued. There is scarce space on the shelves in the warehouses and in the stores, as well there are labour fees involved to inventory the new products or physically move them on and off the shelves. The retailers might invest in these expenses and time with the potential of no financial returns.[15] Another theory of the introduction of the slotting fees is that manufacturers themselves use them to

is it a theory? of why it was introduced or a reason that manufactures go along with it?

[13] Margaret Webb Pressler, "When Stores Force Makers to Pay Them Fees, You Lose." *Washington Post online* 18 Jan 2004, 10 June 2008 http://web.ebscohost.com.cat1.lib.trentu.ca:8080/ehost/detail?vid=15&hid=22&sid=da446e6c-b7fe-49f7-93d2-70238243e0f4%40sessionmgr2

[14] Ibid.

[15] Julie Gallagher., "Introduction Incentives," *Supermarket News* 54.43 (2006): 65-66. (65-67)

guarantee space on the shelves for their products.[16] Few suppliers and retailers disclose the details of the various hidden fees with third parties but there are estimates that larger retailers generate approximately $9 billion in slotting fees. Leonard Klie of *Frozen Food Age* reports that large manufacturers may budget anywhere from $1 million US to $2 million for slotting fees to introduce new products.[17] These extra costs are a barrier to smaller firms trying to market their products.

indentation stops here?

Surprisingly, retail giant Wal-Mart does not practise slotting fees; it insists that by not charging slotting fees suppliers are able to keep prices as low as possible.

But Wal-Mart has other ways to keep their costs down. One example is that Wal-Mart insists that their suppliers are technologically in sync with Wal-Marts. For example, suppliers' must embed Radio Frequency Identification (RFID) into each pallet that is destined for Wal-Mart. These chips allow for inventory checks to be much more efficient. With this technology, Wal-Mart is able to inventory at a much faster rate and with less workers. While most suppliers have complied, Wal-Mart has implemented a fine of $2 for every pallet that has not been micro-chipped. There is the trickle down argument that manufacturers stand to financially benefit from the increased efficiency; the increase in sales are possibly negated due to the costs of purchasing and tagging every Wal-Mart pallet.[18] There are concerns that in the future, Wal-Mart will require individual products to be chipped as to increase inventory accuracy even more so.[19] This added cost would be the manufacturers' responsibility. Since technology changes quickly and a new, more effective inventory monitoring system is likely to be created in the future and Radio Frequency

what is this?

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[16] Robert J Aalberts and Marianne M. Jennings, "The Ethics of Slotting: Is this Bribery, Facilitation Marketing or Just Plain Competition? *Journal of Business Ethics,* 20.3 (1999): 208.

[17] Leonard Klie, "FTC: Slotting Fees Vary Among Product Categories," *Frozen Food Age,* 52.6 (2004): 6.

[18] David Blanchard, "Wal-Mart Lays Down the Law." *Industry Week,* (2008): 73.

[19] Blanchard, 74.

will eventually

Identification technology ~~becomes~~ obsolete, Wal-Mart will simply demand that their suppliers implement the newer technology without Wal-Mart incurring any financial hardship.

What?

The issue is that it decreases resources for innovation, as smaller companies do not have the resources to pay for these fees or increased costs and consumers do not have as many choices as originally perceived.[20] Here is an example of how large food retail chains are able to demand changes and download the costs to the manufacturers. These kinds of practises are invisible to the consumer, this process is referred to as distancing, where consumers are separated from their purchases, they do not know where the product has come from, what conditions it was grown / produced in, and how the foodstuff physically gets into the store. There are other hidden practises that the manufacturers must budget for when dealing with large food retail industry.

where?

?

maybe could be eliminat

of what?

Some of the reported cases include; when a manufacturer is selling goods at a promotional price, retailers will over-order and sell the products at regular prices without passing the savings onto consumers or compensating the manufacturers. Retail giants will request compensation for products that fail to reach expected profit levels. They will also require suppliers to use goods and services from designated companies for example, for hauling or labelling, which the retailers will receive commission from.[21] These are just some of the examples of potential issues that manufacturers face when trying to find a market for their products.

There is a variety of jargon that exist in the food retail market, here are a few: "known value items" are usually staples like bread and milk, whose prices remain

[20] Aalberts, 209-210.
[21] Lang, 163.

relatively consistent with other supermarkets.[22] Usually these are sold at below margin to attract consumers into the store.[23]

"Efficient Consumer Response" (ECR) is one aspect that refers to managing the number of products on the shelves. In the example of salad dressing, ~~there needs to be variety but~~ an excess can mean less turnover and /or increased spoilage, but less variety could potentially mean the consumer does not find what they want. ECR is used to determine the kinds of dressing that will be sold and ensuring that the dressings are being replenished to avoid frustration for consumers. ~~frustrated consumers~~. Scanners at the check out counter ~~will~~ instantly inform the supplier that a product has been sold.[24]

And while we see the food retailing diversify into non-traditional food sales, other retailers such as department stores, drug stores, dollar stores are moving towards selling food items; this is referred to as "banner blurring." These trends have resulted ~~are resulting~~ in an increase in competition for the food retailers.[25]

Supermarket Employees

Jobs in grocery stores used to be more skilled and would at times, provide decent wages, now, the jobs have morphed into low-skill but highly stressful environments. Punctuation?

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[22] Andrew W. Cox, "Chapter 4: Site-specific convenience, branding and regulation". *Supply Chains, Markets & Power,* 2001, 79.

As Stacey Mitchell accounts in her book, *Big Box Swindle,* pages 128-130. Wal-Mart uses this tactic to create the appearance that they have the lowest prices compared to their competition. This is referred to as "signposts" and "blinds". Signposts make up approximately 1,500 items out of 100,000+ items that are sold at cost or below, half of these items are in the grocery section (bananas, milk, bread, diapers, etc). These products are placed in prominent spots in the aisles and since many consumers know the cost of these staples, they see these cheaper items and assume that everything else in the store will be sold cheaper then the competition. The unknown cost of the other items, ie "blinds" is made irrelevant because once a consumer is in Wal-Mart they are unlikely to comparison shop, especially since they have made assumptions due to the signpost items. Only 10% of Wal-Mart shoppers compare prices.

[23] M. Zafiriou, "Food Retailing in Canada: Trends, Dyamics, and Consequences." Paper Presented at Pacific Food Systems Outlook, May 10-13, 2005.

[24] Hayden Stewart and Steve Martinez, "Innovation by Food Companies Key to Growth and Profitability." *Food Review*, 25.1 (2002): 28.

[25] Zafiriou, 13.

Jobs are split into part-time and full-time and have little flexibility in the scheduling of shifts. Workers low on the seniority have little say when their shift will be. ~~In Deborah~~ In ~~Barndt~~'s, *Tangled Routes: Women, Work, and Globalization on the Tomato Trail* ~~she~~ the Deborah Barnd reports one Loblaws' workers' belief that shifts are all about the convenience of the business, and not at all geared towards the workers.[26] Previously, Loblaws workers received raises every six months, but now, they must work 500 hours before they are eligible for the pay increases. To make matters worse ~~As we~~ll, there is a significant wage difference between part time and full time staff. Generally, full time staff ~~are~~ were paid more, in 2002, ~~at~~ Loblaws, ~~a~~ unionized full time job was $16 CDN / hour whereas the part time ~~is~~ was capped at $12.50. Full time workers have more breaks- two breaks plus lunch compared to a worker on a five or six hour shift that will get one break. The number of part time workers is increasing and the number of full timers is decreasing. At Loblaws, moving from part time to full time means losing seniority and thus losing wages and vacation entitlements.[27]

past or present?

past? vs present?

Though these companies claim to offer raises and benefits, workers have to earn them. ~~For instance,~~ At Loblaws part time staff starts at minimum wage and to get to the $12.50 / hour they must work 8,750 hours.[28] Workers on the bottom of the seniority list may get as little as four hours per shift. At that rate, an employee ~~would have~~ has to work every single day for 5 years to reach the 8,750 hours mark.

Since labour is one of the main costs for a business, Loblaws, like other retail giants, are always mindful of where and how to decrease these costs. Loblaws implements practises such as "sales per person hour" where volume sales are projected

[26] Deborah Barndt, *Tangled Routes: Women, Work, and Globalization on the Tomato Trail,* (USA: Rowman & Littlefield Publishers, Inc, 2002): 130.

[27] Barndt, 126.

[28] Barndt, 127.

and then stores are assigned specific amount of labour hours.[29] These hours are then assigned to everyone from part-time to full-time staff in the different departments. Department managers are under a lot of pressure to keep labour costs down, as this means increased profits, partially because Managers ~~will~~ receive financial bonuses based on profit.[30] This can be seen as a form of distancing, a worker can request more shifts, and while there is some flexibility that department managers have, they are constrained by policies that have already pre-determined the amount of labour hours that the store will need. The worker does not see the policy and has no say in the implementation of these labour practises. Despite the fact that it affects their work schedule and load. There are other divisions that exist in the supermarket, for example, a gendered one.

? Unclear. message

incomplete thought

The divide in the workforce.

As early as the 1930's, women workers in the food retail industry have been performing the "easier" work for example, working at the cash, wrapping up purchases, taking money. From the start, women workers were paid less and worked part-time under the assumption that their main occupation was their domestic duties and that their intention was to create some "pocket money."[31] Men held the managerial positions and production jobs, these jobs are assumed to require more strength and skill and more directly related to the creation of profit. As the supermarkets have diversified, so have the jobs in the supermarket~~, but not the kinds of job ie, still~~ The gendered divide in ~~the~~ jobs ~~however~~ however have not related to service ~~for example,~~ for example within cake decorating, garden services, and pharmacies departments. ~~This gender divide exists today~~.

Wal-Mart is currently fighting a class action suit of sexual discrimination filed on behalf of 1.6 million past? and current female employees, *Dukes v. Wal-Mart Stores, Inc.* In

unclear

[29] Barndt, 125

[30] Barndt, 125.

[31] Barndt, 128

Liza Featherstone's book, *Selling Women Short: the Landmark Battle for Workers' Rights at Wal-Mart,* she reports that cashiers at Wal-Mart are the lowest paid, and 92.5% of these jobs are filled by women. Female cashiers will make approximately $13,831 US per year while ~~men~~ male cashiers? will earn $14,525. While some of this discrepancy is due to men working more hours, but also because starting wages for women is on average is $8.05 US per hour and for men it is $8.33.[32] After five years, the wage discrepancy increases; male cashiers ~~will~~ earn on average, $1.16 per hour? more then his female counterpart.[33] Higher up in management, the pay difference increases; at store manager level women ~~will~~ earn approximately $89,280 US annually, compared to $105,682 for men. Female district managers ~~will~~ earn annually $177,149 whereas the men earn $239,519. Female regional vice presidents ~~will~~ make $279,772 while the men have incomes of $419,435. Moreover, On average, it takes women longer to get promoted; to get to assistant manager, it takes women approximately 4.38 years whereas it takes men less then three years. To reach store manager level; it takes women 10 years compared to 8.64 years for their male co-workers.[34] The delay in promotions has little to do with job performance, as many of the women workers have strong work evaluations, frequently scoring higher then their male co-workers in various hourly positions.[35] And like many companies, Wal-Mart argues that many women are simply not interested in management jobs, that women prefer department manager jobs, (that pay hourly) because women with school aged children are able to work during the

[32] And while a cashier at Wal-Mart makes minimum wage, the Walton family (Sam Waltons widow and their four children) hold 40% of Wal-Marts "controlling stockholding" dividends, each Walton makes $22,000 US per hour or $533,000 every day. Bianco, p101-102.

[33] Liza Featherstone, *Selling Women Short: The Landmark Battle for Workers' Rights at Wal-Mart* (Basic BooksL USA, 2004): 129.

[34] Featherstone, 131.

[35] Featherstone, 105.

day, during the week, compared to many salaried managers who end up working into most evenings and on week-ends.[36]

These classic notions of sexual division of labour insinuates that the women do not need job security, are not actively seeking higher better paying jobs in the store and do not need the income ~~as~~, the assumption ~~is~~ being that they have a male figure head at home to provide for them. Women predominantly work in the check-out section, the area described as "at the front end, that's where it all happens. That's where we sell the stuff."[37] Cashier work is the fourth most common job held by Canadian women.[38] So

relevance?

while women perceived by Walmart Employees as ~~are~~ more "naturally" able to repeat the fine motor skills and coordination needed to quickly scan and bag purchases, they are also expected to exude a friendly persona to represent the store in a positive manner. Some regular consumers will chat with the cashiers and some form of spontaneous interaction can occur, but there is little time for mingling. To add to the stress, the workers are aware of "secret shoppers" who will note the efficiency and accuracy of the transaction as well as whether the worker stated a pre-determined greeting or sayings such as "did you find everything you were looking for?" as required by management.[39]

Profit drives the large retail industry, and labour is part of the budget that cannot be cut down as so much trimmed to a "just-in-time" model. There are not enough workers and the ones who are on shift are expected to work fast and constantly. So during downtime, a cashier might re-stock shelves or return items that were left, etc, they are monitored as well to ensure they are not stealing. Even though they are considered integral to the stores image, their employment conditions do not reflect this. how so?

[36] Ibid.
[37] Barndt, 127.
[38] Barndt, 128.
[39] Barndt, 136.

Increase of technology for example, the use of scanning of UPC codes has de-skilled an already low skilled job. The issue is that now, scanning is faster and therefore productivity is expected to increase. Previously, a cashier would ring all the purchases and then bag them. Now cashiers reach for an item, scan it with one hand and bag it with the other. This system has lead to the increase of repetitive stress injury as typically a cashier can handle up to 10,000 items in an eight hour shift.[40] This creates a dilemma: employees needing more hours to work to make ends meet but at the same time, being physically find themselves unable to continually stand in one area and repeat the same movements for an entire eight hour shift.

Whether the division of labour exists within the store between managers and staff, or between the part-time and full-time or the practises that embed a gendered approach to work, these can be perhaps remedied through policies or union demands. But there is a growing threat to the effectiveness of unions because the existing supermarket structure is changing. The growth of Wal-Mart in Canada in the food industry has changed and continues to change the environments ~~that~~ in which supermarkets operate and also their employment conditions.

Bit unclear

not clear

Wal-Mart or Wal-Mart Effect

The incredible success of Wal-Mart is based on just-in-time supply, with Walmart aggressively sourcing the cheapest products from its suppliers, focussing on areas where it could build big box stores, and providing wages that ~~were~~ are considerably lower then their competition's. ~~For instance~~, An employee at Wal-Mart, for instance, earns approximately 20-30% less then a worker in a unionized store.[41] What Wal-Mart does, in terms of how it runs, ~~is influencing~~ influences the way

[40] Kainer, 124.

[41] "How Big Can it Grow?" *Economist,* 371.8371 (2004): 69.

other retailers will operate to remain competitive. The Wal-Mart's Supercentres expansion into Canada is being monitored closely by large food retailers and already these chains are making their own moves. In 2007, Loblaws Cos Ltd, announced it was cutting 800-1,000 jobs in regional and national head offices in response to Wal-Mart Supercentres. These staff cuts would save the company approximately, $65-70 million CDN annually and would most likely be used to re-invest into their store and slash prices. This announcement included a new plan to centralize its management operations. Traditionally, supermarkets are run more independently and locally, but Loblaws plans on making their products and prices decisions in Brampton, ON.[42] Wal-Mart is a centrally run retailer. Its headquarters is in Bentonville, USA and everything from what is being sold at each store to the setting of each stores' thermostat is monitored by workers at Bentonville. And now Loblaws is moving towards a similar kind of centralization.

To unionize or not?

Unionization is more common in Canada ~~compared to~~ than it is in the USA, 29% of Canadians carry a union card compared to 13% of Americans.[43] In 2004, Wal-Mart in Jonquière, Quebec a union was certified, but Wal-Mart announced that since the store was "not meeting profit targets" it would have to close. By April 2005, Wal-Mart closed the store. This sent a message to other unionizing efforts in Canada. After Wal-Mart

is this the term?

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42 Olijnyk, Zena. "Loblaws goes for Broke." *Canadian Business.* 29 Jan 2007. 5 April 2008 http://web.ebscohost.com.cat1.lib.trentu.ca:8080/ehost/detail?vid=18&hid=22&sid=da446e6c-b7fe-49f7-93d2-70238243e0f4%40sessionmgr2

43 Anthony Bianco, *The *Bully* of Bentonville: How the High Cost of Wal-Mart's Everyday Low Prices is Hurting America,* (Currency, Doubleday: USA, 2006): 229.

announced that Jonquière was closing, subsequent voting to unionize failed badly in Windsor, ON and Brossard, QC.[44]

While there continues to be a push to unionize Wal-Marts, there are uphill battles that the unions and pro-union workers face. Wal-Mart is anti-union in comparison to large food retailers such as Loblaws, Safeway and A&P. The effects that Wal-Mart has on the unions of other Grocery ~~food~~ retailers can be seen in California. In 2003, in preparation for the building of Wal-Mart Supercentres in the state, California's top three supermarket chains, Kroger, Safeway and Albertsons, demanded permission from the unions to decrease wages and benefit packages for their unionized employees. A five month long strike ensued and in the end, the megastores won a deal that included a two-tiered system in which the current workers would keep their pay ($18 US per hour) but new employees would not be entitled to this high pay wage. With usual turnover, most of the employees would be in the second category in a matter of years.[45] Even before the Supercentre was built, its effects were felt by many unionized workers and their families.

I don't understand how employees become "new" after working at a store for two years.

Wal-Mart employment record

Wal-Mart is the largest retailer in North America, and is the world's largest employer, it has 1.6 million "associates" world wide. While many workers are happy to work at Wal-Mart, many are not, in 1999 turnover was approximately 70% and now stands at around 50% after changes were made in 2000.[46] With record profits and legal promises to shareholders, Wal-Mart ~~is focussed~~ focussed on selling at low prices, regardless of the costs to employees ~~morale~~. Currently, Wal-Mart is facing 8,000 lawsuits the majority stemming from employees claiming personal-injury as well as lawsuits charging that Wal-Mart

[44] Adams, 5.

[45] Stacey Mitchell, *Big Box Swindle: the True cost of Mega-Retailers and the Fight for America*'s Independent Businesses, (Beacon Press, Boston, 2006):61

[46] Bianco, 74.

forced employees to work "off the clock" and denying the workers breaks[47] not to mention the class action lawsuit in *Dukes v. Wal-Mart Stores, Inc.* Losing half of their staff each year means Wal-Mart has to hire a startling 600,000 people every year to maintain its present size.[48] This has led to speculation that Wal-Mart will have little choice but to continue to decrease its high turn-over rate and may result in better pay, benefits and improved overall working conditions.[49] Wal-Mart expansion plans in Canada are important because as competition grows and profits shrink, the Wal-Mart model will inevitably become the new norm. Large retailers will follow suit to remain competitive.

This should be placed w/ other info about staff turn over (a few sentences back)

How One Wal-Mart decision can hurt a company

Wal-Mart ~~is a~~ provides a large market for manufacturers. Take for instance, Cott Corp, a Canadian soda pop company. While many stores are increasing shelf space to make room for their own private, instore labels, Wal-Mart is not. Wal-Mart is moving away from its own Sam's club label, which is produced by Cott, to make room for Cadbury Schweppes. Estimates have indicated that losing the four feet of Wal-Mart shelf space will cost Cott $100 million US. When the announcement was made, Cott's share values dropped 50%.

~~Wal-Mart is a fierce competitor and continues to grow. Its move into food retailing adds more pressure to existing supermarkets, and Wal-Mart will change the way the grocery chains operate.~~ As supermarkets compete with each other, ~~and now with Wal-Mart, supermarkets still hold incredible amount of power within the agricultural industry. And while Wal-Mart does not make it easy for~~ supermarkets to do business,

already mentioned could be taken out I think

[47] "How Big Can it Grow?" 68
[48] Ibid
[49] Ibid.

~~supermarkets do not make it easy~~ for small scale farmers to enter the large food retailing ~~market.~~

Squeezing small farms out of Walmart? or what?

The global market is expanding which has meant increasing competition for farmers.

~~The expanding global market has meant increasing competition for farmers.~~ Large food retailers seek out suppliers that can provide consistent foodstuff, compete with not only local but also global farmers and whose products meet the supermarkets stringent policy standards.[50] ~~For small farms, these expectations are too great, especially since the retailers command significant power over the farmers.~~ In the United Kingdom, the Competition Commission found that the farmers and other food suppliers are required by Tesco, one of the largest food retail chains in Britain, to compete with other suppliers from all over the world until the lowest price was stated. This "reverse" auction forced many farmers and suppliers to cut their prices – some even lower then their breaking even point – or risk losing their biggest market.[51] And as small, independent stores decline, food supplier risk losing their only market. Another major issue that the commission reported was the lack of binding contracts would leave suppliers with little protection. Reports that retailers would pay suppliers very late or pass costs such as transportation or labelling to the supplier are part of a broader picture that limits the ability for small farmers to compete in such markets. Suppliers and farmers rarely disclose this kind of treatment, as they risk being "delisted" and they would end up being dropped as a supplier, this is referred to as "climate of apprehension."[52]

Supermarkets have increased their private standards for the quality and safety of the products sold on their shelves. This raising of the bar is partly so that they can

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[50] *Supermarkets or Corporate Bullies?* (London, UK: Friends of the Earth, 2003): 4.
[51] Ibid.
[52] *Supermarkets or Corporate*, 4-5.

differentiate themselves from their competition.[53] While increased awareness of environmental and social sound is the right direction, this places an unfair burden on suppliers and farmers. Bound up in these private regulations, the farmers have to be further accountable and produce documentation that adds to the necessary equipment and training to meet the technical requirements. This entire extra expensive is created by the food retailer and covered by the food supplier.[54] Meanwhile, the suppliers are still required to keep their prices low to stay competitive.

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Other aggressive business practises include:

sp

reframe sentence to begin with ~~[illegible]~~ consumers

High expectations by consumers based on cosmetic appeal leads to large amounts of produce to be rejected, ie wasted, based on superficial expectations; the supplier alone absorbs the costs of substandard harvests.[55] Late orders or changes result in the waste of already planted crops. Promotional activities require the suppliers to participate in sales

thereby requiring suppliers to have

of fresh produce, ~~therefore needing~~ excessive cash flow to deal with the temporary loss until the potential of future gains occurs.[56] These are just some of the tactics that the retail food industry uses that prevent small farmers from truly competing in the marketplace and how the industry keeps year round consistent produce in full view on their shelves when consumers step into the grocery store.

Conclusion and Alternatives

The supermarket complex increasingly gets ~~more~~ complicated as food retailers push to drive out their traditional competition as well as modify their marketing to gear up for the new changes that new competition will bring. While the traditional grocery

[53] Oli Brown and Christina Sander, *Supermarket Buying Power: Global Supply Chains and Smallholder Farmers,* (Canada: International Institute for Sustainable Development, 2007): 7.
[54] Ibid.
[55] Brown, 9.
[56] Brown 9-10.

chain tries to keep costs down, by downloading as much as possible onto manufacturers, producers and workers, the industry is also susceptible to the changes that are taking place globally. As consumers, the layers of issues make one feel overwhelmed but there are alternatives that one can participate in to decrease ones reliance on the supermarket complex and support local community.

Ways (to what?)

One of the ~~ways~~ is to buy from small independent shops, whether one shops at health food stores or other food specialty stores. Make an effort to support independent retailers for services such as photo developing, dry cleaning businesses and drug stores outside of the supermarket chains.

Buying at farmers markets from farmers can directly support local economies and will shorten the gap in our food distancing.

When shopping at the grocery store, bring a prepared list and stick with it. The strategies to encourage impulse buying are effective, by bringing a list and sticking closely to it, one can cut down impulse shopping. By making small changes in ones lifestyle, consumers can use their spending power to support smaller businesses. In conclusion, there is no way of stopping the movement within the supermarket complex, it is not a simple issue, rather a very diversify and complex system that has changed and continues to change its practises to keep or gain market value. By shortening the distance between consumers and the products, can there be dialogue and perhaps a decrease in consumerism that drives the industry.

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