



“CHB Bites” is a column designed to keep you in-the-know about Certified Hereford Beef (CHB) program happenings. CHB LLC is celebrating 20 years with a “Farm-to-Fork” series featuring how Herefords become the ultimate eating experience. You can also follow CHB on Facebook at facebook.com/CertifiedHerefordBeef.

Farm-to-Fork

- Part 1: Seedstock
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Retail

The retail supermarket is our next stop on the pasture-to-plate tour of Certified Hereford Beef (CHB®). Once the beef has left the packing plant, it's on its way to a foodservice or retail distributor to ultimately end up in the retail meatcase, and that's where our story picks up.

Chain grocery retailing was a phenomenon that took off around the beginning of the 20th century with the Great Atlantic and Pacific Tea Company (A&P) and other small, regional players. Grocery stores of this era tended to be small, generally less than 1,000 square feet and also focused on only one aspect of food retailing. Grocers sold what is known as “dry grocery” items, or canned goods and other non-perishable staples.

Produce vendors, butchers and greengrocers were completely separate entities, although they tended to cluster together for convenience's sake.

Clarence Saunders' Piggly Wiggly stores, established in Memphis in 1916, are widely credited with introducing America to self-service shopping.

It was not until the 1920s that chain stores started to become a dominant force in American food and retailing. Small regional chains such as Kroger, American Stores, National Tea and others began covering more and more territory, and A&P began moving toward a more national profile, operating more than 10,000 of its “economy stores” by the end of the decade. Most of these stores remained small, counter-service stores,



often staffed by only two or three employees, with no meat or produce departments.

In 1926 Charles Merrill, of Merrill Lynch, set in motion a series of transactions that led to the creation of Safeway Stores, when he arranged the merger of Skaggs Cash Stores, a chain with operations in northern California and the northwestern United States, with Los Angeles-based Sam Seelig Stores. In 1928 the new chain bought most of the West Coast's Piggly Wiggly stores and later acquired Sanitary Stores in the Washington area as well as MacMarr Stores, another chain that Merrill had assembled.

As early as the 1920s, some chain grocers were experimenting with consolidated (albeit still rather small) stores that featured at least a small selection of fresh meats and produce along with the dry grocery items. Los Angeles was seeing the beginning of the “drive-in market” phenomenon where several complementary food retailers (a butcher, a baker, a grocer and a produce vendor,

for example) would locate within the same small shopping center surrounding a parking lot.

In 1930 Michael Cullen, a former executive of both Kroger and A&P, opened his first King Kullen store, widely cited as America's first supermarket, although others have some legitimate claim to that title as well. King Kullen was located in a warehouse on the fringes of New York City and offered ample free parking and additional concessions in a bazaar-like atmosphere.

Merchandise was sold out of packing cartons and little attention was paid to décor. The emphasis was on volume, with this one store projected to do the volume of up to one hundred conventional chain stores. The volume and the no-frills approach resulted in considerably lower prices.

The supermarket, as it came to be known, was initially a phenomenon of independents and small, regional chains. Eventually, the large chains caught on as well, and they refined the concept, adding a

level of sophistication that had been lacking from the spartan stores of the early 1930s.

By 1940 A&P's store count had been reduced by half, but its sales were up. Similar transformations occurred among all the "majors." In fact, most national chains of the time saw their store counts peak around 1935 and then decline sharply through consolidation.

By the 1950s, the transition to supermarkets was largely complete, and the migration to suburban locations was beginning. Some chains were more aggressive with this move than others.

The 1950s and 1960s were seen by many as the golden age of the supermarket, with bright new stores opening on a regular basis, generating excited and glowing newspaper reports and serving a marketplace that was increasingly affluent.

Many shoppers, however, wondered what the costs of these amenities might be, and something of a backlash developed. This backlash was answered in the late 1960s with a new trend known as "discounting."

Numerous stores around the country embarked on discounting programs about the same time.

The market segmentation we see today grew out of the discounting movement as amplified in the 1980s. The middle range began to disappear, albeit slowly, as mainline stores went more "upscale" and low-end stores moved more toward a warehouse model, evocative of the early supermarkets of the 1930s. Many chains operated at both ends of the spectrum, often under different names. Others eliminated one end of the market completely.

The reemergence of superstores, featuring general merchandise and groceries under one roof accelerated this trend. Many such stores had opened in the early 1960s; some of them operated by chain grocers themselves. Only a few survived, Fred Meyer in Oregon being a noteworthy example, and "one-stop shopping" seemed a relatively new and fresh idea when Kmart and Wal-Mart tried it again with considerably more success starting around 1990.

The other big trend during this time was toward mergers and leveraged buyouts. This trend affected almost all the major chains. A&P was sold to German interests. Safeway took itself private in 1987 to avoid a hostile takeover and lost half its geographical reach in the process. Kroger slimmed down somewhat in 1988 for the same reasons, while Lucky was acquired by American Stores in the same year. Another round of mergers in the 1990s placed American Stores in the hands of Albertsons, reunited Safeway with much of its former territory and greatly increased the West Coast presence of Kroger, making these three chains the dominant players in the industry, along with Wal-Mart.

All of this brings us to the present. CHB is going strong in retailers across the country. We encourage you to look



You can find a full list of CHB retailers and retail distributors at HerefordBeef.org

at our partners like The Fresh Market, Coborn's-Cashwise, Yoke's Fresh Market and Affiliated Food Amarillo, just to name a few. You can find a full list of retailers and retail distributors on our website HerefordBeef.org. Stop in and find the closest supermarket where you can go buy that great CHB. **HW**

CHB in the supermarket

Since its inception in 1995, Certified Hereford Beef (CHB®) has become a staple in American supermarkets. With more than 50 million lb. of CHB sold in 2014, it's the supermarkets that are leading the way with almost 30 million lb. of that going through their distribution channel.

CHB LLC currently serves 304 retail stores in 35 states and is looking to grow. Mark Layco, director of retail marketing for CHB LLC, gives insight on what retailers are looking for in today's market.

"Retailers are wanting something new, different and at the same time delivers a gross-profit margin they're happy with," Layco says. "With the superior yields, consistent quality, taste and tenderness that CHB offers, we can meet all their needs and then some."

Layco echoes the chatter that is taking place in the retail market. Things are changing and CHB LLC needs to change with them. In an effort to keep up with the changing tide, Layco has also developed a new comprehensive tool for CHB LLC to offer to our retail customers — Certified Hereford Beef University.

At Certified Hereford Beef University, the purpose is to help retail partners with a variety of things. Coming from experience with Kroger, Layco says time and labor are major issues inside the meat case. With this in mind he says, "We're going to be the answer for whatever our partners need and offer new answers and suggestions to things like SKU rationalization, tray styling procedures, standards manuals, procedural cutting courses, product knowledge material, employee retention procedures and applications, safety programs, dating policies for proteins, backroom management, shrink and gross profit opportunities, time and labor management and new cutting edge marketing research along with culinary and beef production training."

CHB is bringing more and more to the retail arena. With these new strategies and tactics moving forward, the whole CHB LLC team is looking to make the move to the next level, and will need more CHB certified cattle from great Hereford ranchers. **HW**

