The Supermarket was born 75 years ago

Novel concept revolutionized many aspects of American life.

By Pia Sarkar

SAN FRANCISCO CHRONICLE
Saturday, August 06, 2005

It all started with a king.

Seventy-five years ago this week, Michael Cullen dramatically changed the retail landscape by introducing the nation's first supermarket, King Kullen, in Queens, N.Y.

Today, supermarkets can be found in every corner of the United States. They popularized the idea of self-service. They spurred the growth of mass merchandising. They helped liberate women from the kitchen. They contributed to suburban sprawl. And they encouraged innovation, leading to the advent of the shopping cart and the bar code.

Today's supermarkets are much different from the one Cullen built in 1930, when banks were closing their doors and mom-and-pop stores could no longer afford to let their customers shop on credit.

"We were entering the Great Depression, so the supermarket was offering products to an impoverished nation," said Bill Greer, director of editorial service at the Food Marketing Institute in Washington and author of "America the Bountiful: How the Supermarket came to Main Street." "From a business standpoint, it was a gamble."

But the gamble paid off.

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(enlarge photo)

1930 Before supermarkets were introduced, shoppers made multiple stops to buy produce, canned goods and meats. Full-service stores reduced the amount of time spent grocery shopping.

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Cullen's concept of turning a profit based on volume rather than price is the same one that drives today's supermarkets, where typical profit margins remain a razor-thin 1 percent.

Unlike Cullen's supermarkets of yesteryear, however, supermarkets today face fierce competition by deep discounters like Wal-Mart and Costco.

Chris Stewart /THE CHRONICLE

(enlarge photo)

2005 Stores such as Whole Foods Market offer one-stop shopping; bar codes speed the checkout process; and shoppers now serve themselves.

"Most full-service supermarkets are writhing in pain, not knowing where to go next," said David Gwynn of Charlotte, N.C., who tracks the history of supermarkets through his Web site, www.groceteria.com. "They have to figure out if they'll compete on price or service and quality."

The move to quality comes as several chains are now trying to mimic the successful plan of Whole Foods Market Inc.

Austin-based Whole Foods, which is in its 25th year, has carved a niche for itself in the organic-products sector, appealing to an increasing number of customers who are willing to shell out extra cash in exchange for quality.

"We're committed to selling high-quality food," said Anthony Gilmore, president of Whole Foods' Northern California division. "When you buy quality, you have to pay more."

Paying more was not an option in 1930, when most people's budgets were tight. Cullen knew that, and so he took particular pleasure in declaring King Kullen "The World's Greatest Price Wrecker."

Not only did Cullen shake up the industry by offering low prices on a large scale, he revolutionized the chore of going to the market with the idea of one-stop shopping.

Instead of customers dropping by three different stores to purchase meats and produce, they found everything under one roof.

Women in particular were freed from the chore of shopping at several locations. "Supermarkets played a large role in liberating the woman," said Louis Bucklin, professor emeritus of business administration at the University of California-Berkeley's Haas School of Business. "They reduced the amount of time they had to spend on shopping, with fewer trips to the store."

At the same time, Cullen helped popularize self-service, allowing customers to reach onto shelves and inspect individual products as well as check their prices. Before that, customers had to rely on clerks behind a counter to pick out their products, weigh them and determine the price.

Self-service led the way to mass merchandising. Suddenly, food manufacturers were not as dependent on wholesalers to get their products on store shelves. Instead, they went directly to the store — and the customers — to get their brand noticed.

"It increased the importance of the package as a merchandising device," Bucklin said. "It had a major role in influencing the consumer."

Packages became snappier and more colorful. Food manufacturers fought to get prominent display for their products. They relied heavily on advertising in newspapers, magazines and eventually TV.

In the 1940s, supermarkets began to boom. Retailers who had held off on adopting the concept, thinking it might fail, finally realized that supermarkets were the future. Chains began consolidating their small stores into big ones. They migrated to the suburbs, where they had more space to sprawl.

In the 1960s, trading stamps changed the pricing structure that supermarkets had grown used to, according to Bucklin. They provided housewives a way to buy what their budgets would not normally allow. Shoppers would receive trading stamps for their purchases, which they could exchange for merchandise at stamp-redemption centers.

Supermarkets started to gain more patrons because of the trading stamps, but then everyone started offering them. By the 1970s, supermarkets had to raise their prices in

order to make up for the losses that resulted from offering the stamps. That led to the emergence of discount stores.

Supermarkets responded to the discount stores by opening even larger stores. They began absorbing pharmacies, photo centers and flower stores. Unable to keep up, the discount stores started to disappear. But Wal-Mart has remained.

Then, in the 1980s and 1990s, supermarkets were confronted with a new competitor — the warehouse stores. These goli- aths did not carry food products at first. But when Sam's Club and Costco began stocking groceries, it caused another shake-up in the industry.

Today, supermarkets still face tough competition and grapple with how to reinvent themselves.

Greer, of the Food Marketing Institute, said that the supermarket will continue to evolve. "It endures more as a concept than a certain format," he said.

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