

## Acknowledgments

The Supermarket Panel is an activity of The Food Industry Center. Members of the research team for the 2002 Supermarket Panel were:

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The Food Industry Center is located at the University of Minnesota and is one of nineteen industry centers funded by the Alfred P. Sloan Foundation. The goal of the Sloan Foundation's Industry Center program is to foster an understanding of the basic forces contributing to American economic progress in an increasingly competitive world economy. We gratefully acknowledge the funding for the Panel from the Sloan Foundation.

Mavis Sievert, Executive Secretary of The Food Industry Center, provided valuable support services. Barry Jacobson, consulting engineer, provided programming and database assistance. Ellen Carlson, Information Technology Professional in the Department of Applied Economics at the University of Minnesota, did the document design and layout for this report. Heidi Van Schooten, Executive Administrator, prepared the CD-Rom and Internet versions of this report.

Pam Jones from the Minnesota Center for Survey Research (MCSR) was Survey Manager for the 2002 Panel. Anne Caron was the Data Analyst for the Panel. We thank them and their MCSR colleagues for their outstanding work.

Finally, we thank the individual owners store managers/directors and others who participated in the 2002 Panel. By sharing their time and knowledge, they have made this unique, in-depth view of the supermarket industry at the store level possible.

# The 2002 Supermarket Panel

## Executive Summary

The Supermarket Panel collects data annually from individual supermarkets on store characteristics, operations, and performance. The Panel was established in 1998 by the Food Industry Center as the basis for ongoing study of the supermarket industry. It is unique because the unit of analysis is the individual store and the same stores are tracked over time. This makes it possible to analyze how changes in technologies, business practices, and competitive forces are transforming the industry.

The 2002 Supermarket Panel consists of 866 stores selected at random from the nearly 32,000 supermarkets in the U.S. or invited to participate through their affiliation with two cooperating retail companies and IGA. These 866 stores are a representative cross section of the industry, including stores from all formats that belong to ownership groups ranging from single stores to the country's largest chains.

Key findings from the 2002 Supermarket Panel include:

- Location, competitive environment, and store characteristics have important impacts on performance.
  - Stores located in areas with higher population density and higher median household income have significantly higher levels of sales per square foot. (Table 11.2)
  - Price and quality leadership in the local market have important links with superior performance. (Table 11.2)
  - Approximately half of the supermarket population recognizes significant competition from a supercenter, up from about one-third of stores in the 2001 Panel. (Table 9.3)
  - After controlling for store format, increases in selling area have a significant negative association with sales per square foot. (Table 11.2)
  - Stores in self distributing groups have higher productivity for both selling area and labor. (Table 11.2)

- Supply chain initiatives are having a significant impact.
  - The industry is rapidly approaching 100% adoption of Internet/Intranet links to corporate headquarters and/or key suppliers, with the adoption rate for all stores doubling in just three years. (Figure 3.1)
  - Adoption rates for other supply chain technologies and practices continue to increase significantly for all stores, but there are large differences in adoption levels for wholesaler-supplied and self-distributing stores. (Figures 3.2 - 3.5)
  - Stores in ownership groups with more than 750 stores have very high rates of adoption for electronic transmission of movement data and electronic receipt of invoices. (Table 3.1)
  
- Supercenter/hypermarket stores differ dramatically from other stores in almost every management area.
  - They have notably high adoption rates for three key decision sharing technologies: vendor managed inventory, scan-based trading, and use of scanner data for automatic inventory refill. (Table 3.3)
  - They stand out in their emphasis on training for key employees – store managers, grocery department managers, and scanning coordinators. They also make much greater use of incentive based compensation and offer more comprehensive packages of non-cash benefits. (Table 4.2)
  - Supercenter/hypermarket stores are more likely than other stores to offer services based on information technology – customer self-scanning, Internet ordering, and a customer web site. (Table 8.2)

### **The 2003 Supermarket Panel**

We will continue expanding the size of the Panel in 2003. This will increase the accuracy of the industry profile and make it possible to examine emerging trends in greater detail.

We are piloting new research efforts that will build on and complement the Panel. These include an online customer satisfaction survey that can be customized for individual stores and a coordinated set of survey instruments designed to assess human resource practices and employee satisfaction. Both of these new efforts will benefit from being linked to the detailed store level information provided by the Panel. At the same time, they will add to the value of the core Panel by collecting information on critical factors beyond store characteristics, operating practices, and performance.