



The Food Industry Center
UNIVERSITY OF MINNESOTA

The 2001 Supermarket Panel Key Findings

The Supermarket Panel collects data annually from individual supermarkets on store characteristics, operations, and performance. Established in 1998 by the Food Industry Center the Panel is the basis for ongoing study of the supermarket industry. The Supermarket Panel 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 the processes by which new technologies, business practices, and competitive forces are changing the industry. The *Annual Report* for the 2001 Panel includes special analyses of top stores and the impacts of supercenter competition, a statistical analysis of store-level performance drivers, and descriptive information on store operating practices.

The 2001 Supermarket Panel consists of 563 stores selected at random from the nearly 32,000 supermarkets in the U.S. or invited to participate through their affiliation with IGA. These 563 stores are located in forty-seven states and the District of Columbia. They 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.

Top Stores are defined as those above average for each of three key performance measures: weekly sales per square foot, sales per labor hour, and annual percentage sales growth.

- The top stores across the entire Panel are almost equally divided between “independent operators” and “chain stores.”
- The top stores are in locations with dramatically higher median household income than other stores, and top chain stores operate in more densely populated areas.
- While top independent stores scored higher than other independent operators in five of six key management areas, top chain stores differed from other chain stores only in service offerings.
- Top chain stores have higher weekly sales per square foot and sales per labor hour and much lower payroll as a percent of sales, but top stores in smaller groups have lower employee turnover and higher sales growth, gross profit as a percent of sales, and inventory turns. Overall, it is not possible to conclude that stores in one ownership groups size category outperform those in the other.

Supercenter Competition is recognized by approximately one-third of stores in the Panel.

- Stores that report supercenter competition have significantly lower sales per labor hour and sales growth.
- Higher employee turnover and a decline in labor productivity are important initial impacts of new competition from a supercenter.

Performance Drivers are analyzed using multiple regression.

- Within a format, increases in selling area have a significant negative association with sales per square foot.
- Consistent with findings from the 2000 Panel, supply chain and human resource practices have the most significant link to strong performance.
- Store level performance is stronger when the store and its distribution center are under common ownership. However, continuing expansion of the size of self-distributing groups may have a harmful effect on store level performance.

Store Operating Practices are analyzed in six key areas: supply chain, human resources, food handling environmental practices, quality assurance, and service offerings.

- Supply chain technologies that yield cost savings at the store and distribution center levels are being adopted first by stores in self-distributing chains.
- Stores in the largest ownership groups are rapidly adopting the use of scanning data for automatic inventory refill.
- Stores in smaller ownership groups are quickly closing the gap with stores in larger groups for adoption of Internet/Intranet links to key suppliers, but more than one-third of single-store operators have no plans to adopt this technology.
- Failure to adopt moderately progressive human resource practices can adversely affect performance. Once a basic level has been achieved in this area, other areas may offer better opportunities for improving performance.
- Food handling scores are high for stores in all ownership group size categories, but stores in the largest groups stand apart by offering more food safety training to their employees.
- Stores in ownership groups with more than sixty stores are far ahead of other stores in adopting energy efficient lighting and refrigeration management programs.
- Approximately 9% of stores in groups with eleven or more stores currently offer gasoline, and more than 20% of remaining stores in these larger groups are considering introduction of this service.

The 2001 Supermarket Panel Annual Report is available for \$95.00

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