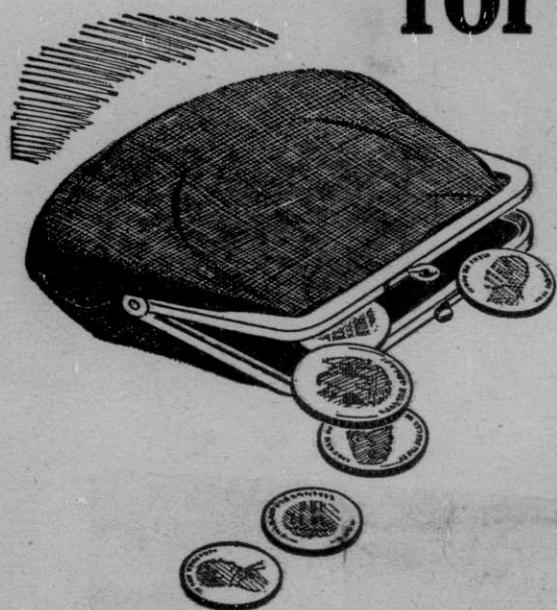


SAFEMAY answers
the question:

How much of the Food Dollar goes for SELLING?



When discussing the costs of food distribution, people sometimes assume that the whole of such costs, or a major part of them, are run up by retailing.

Charts which show the farmer's share of the food dollar spent by customers as 50¢—and label the other 50¢ as "distribution"—do not make it plain that retailing is just one of many costs paid out of the food dollar.

This 50¢ total cost called distribution also includes charges for storage and freight, for grading, cleaning, processing, packing and wholesaling.

Further, this 50¢ is an average for all farm crops. Actually the farmer's share varies widely between different crops, depending on the amount of processing and other services required. But on the basis of this "average" food dollar, let's look at Safeway costs . . .

Q What part of the food dollar is spent by Safeway to do the retailer job?

A Less than 14¢. Yes, to cover all our costs from the time we put farmers' products in our stores until we sell them to customers, it takes less than 14¢ out of every dollar spent in our stores. This 14¢ pays our day-to-day retail costs—such costs as wages, rents, taxes, displaying food attractively, and inviting the public with advertising to come and buy. This 14¢ also includes a profit for Safeway.

Q How much profit does Safeway earn?

A Safeway's profit in 1949 was 1 1/3¢ per dollar of food sales at our stores. All our costs of doing a retail business, plus a profit, total less than 14¢.

Q Is this 14¢ out of each dollar of Safeway sales smaller than the average costs for these same functions?

A Yes, 14¢ is a considerably smaller than average retailing cost, because Safeway

handles and sells more food per store and per employee. Safeway's system is one of low cost distribution of food. The efficiency of this system allows Safeway to return to farmers both *more total dollars* and a larger share of each food dollar.



Q Is this 14¢ per dollar of sales more—or less—than Safeway has operated for in the past?

A Less. The part of the food dollar for which Safeway performs its services is lower now than it was 10 years ago. Of course, the dollar volume of our sales is larger now, due in part to increased food

prices. But our labor and other costs have climbed even more sharply, requiring us to seek constantly new ways to operate more efficiently. With total population and per capita food consumption both larger than in 1940 . . . we can do our job today for a smaller share of more dollars from more customers.

The Safeway idea of selling more food per store and per employee isn't ours alone. We are in free competition with many stores working toward the same end.

It seems to us that is good for everybody—for farmer, customer and store man alike. We invite you to test our ideas of how a store should be run by doing your food shopping at Safeway, where almost one-fifth of all customers are farm families.



**SAFEMAY
STORES**