Business

classifieds inside

Grocery store competition heats up



Lon Makanoff, president and chief operating officer of Meadow-dale Foods, parent company of Great Scottl, announced a sum-mer price freeze of some food items. "A lot of consumers are

under the impression that we are a high-priced supermarket. We're not," he said.

Great Scott! freezes prices

Customer reaction was mixed Monday among those polled follow-ing an announcement by Great Scotti supermarkets that prices on 300 se-lected items would be frozen through

lected items would be frozen tarough the summer. Lon Makanoff, president and CEO of parent company Meadowdale Foods, announced that 300 Items from the top-selling commodities in all of its 31 stores will be frozen.

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competitors."

This does not represent a super-market war, but rather "good, healthy competition," said Maka-

But shoppers will have the final

word.
"I don't shop here as often as I like because I think they are a little bit too over-priced, but I like the store," said Linds Delavy, a Southfield resident, who was shopping with daughter, Michelle, 6, and Chery! Nawrocki, 4, whom she was baby-sit-ties.

LOOKING AT the Great Scott! list, Delavy saw some items ahe bought but not the brands that she liked. "It would depend on what other sales were going on," said Delay." I spend the most money on meats. I stock up on the meats, let it go down and then it's a blow when I have to do it again."

Eldon Dillon, a Farmington Hills resident, said that he shopped at the store because it was conveniently located. "Prices don't make any differences to me, 'he said.

Anne Sisvert of Southird, who is the said of the said o

see what roots good today, sale coording to Makanoff, Great Scott! was the first to introduce saled bars, fresh scatood, high-speed checkout; scanning and FAX machines to list stores. "A lot of consumers are under the impression that we are a high-priced supermarket. We're not. We're every bit as competitive as the other chains. If you look at what they've done over the last couple of years, you'll find that they always copy what we've done."

MakknOFF SAID that Great
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Scottl tried to select items that every
consumer would buy throughout
the summer. They include selected
brands and size of margarinecond cupy, alaid dressing, chrecolstarter, as well as cat litter, dog food
and detergent. The demand for
many of these items increases during the summer, he said.
"Depending on weather conditions, which say this summer will
probably be more dry, we're looking
at a couple percent inflation," he
said.

Please turn to Page 2

K mart sees sales slump

Retail giant looks to specialty niches

By Tim Richard staff writer

Despite signs of a softening economy, K mart Corp. is loving ahead in the Oakland and Wayne county suburbs ith part of its new generation of specialty shops, Sports

with part of its new generation of specialty shops, Sports Glant.

One store opened today in Livonia, and another opened April is in Madison Heights.

"We're tapping into this country's zest for the active life, good health and good fitness," board chairman Joseph Antonini of Bloomfield Hills told a crowd of 300 at the No. 2 retailer's annual shareholder's meeting in its Troy headquarters.

Antonini said the firm — best known for its discount department stores but increasingly adding specialty stores — intends to expand its 4 percent share of the market, despite rival Wal-Mart's threat to overtake both it and Scars.

it and Scars.

Departing from his text, Antonial said, "We're seeing treads that are a little disturbing," adding in a news conference that store traffic is off this quarter among rivals, too. "Business is had all over the country in retailing, We were a little surprised when things fell off."

Nevertheless, he predicted a 7 percent sales hike during 1989.

FIRST-QUARTER earnings fell 22 percent to 47 cents a share from 60 cents in the first quarter of 1988, but Antonini said the drop "does not alter our annual plan

The comparison of the comparis

THE MEETING was relatively tame, despite market pundity predictions of tough questions because of the carnings drop and leveling of per-store sales. Except for a few abopter complaints (nor related story), Antonin received accordates for progress in using minority vendors (a 46 percent increase to \$374 million in 1988).

cash dividends of \$1.32 a share, up 13.8 percent.

cash dividends of \$1.3.2 is some, up 1.5.5 percent.

BIGGER BASIC stores, as well as specially stores, are in the company's \$1.3 billion five-year capital plan, the chairman said. Plans callifor:

• 75 to 100 per stores can year for five years — 30 of them of the place and the plane and plane stores.

of the place and the plane stores to be expanded each year. Average store will be more than 85,000 square feet.

• Completion, by the end of 1990, of the price scanner program, increasing checked than 85,000 square feet and allowing better inventory control. By the end of 1988, showth all of the 2,200 K marts had price scanners. A second goal is to improve inventory turnover.

• Continue expansion for Builder's Square, now at 137 stores for do-it-yourself homeowners and small contractors.

Tractors.

Experimentation with Makro stores, which have a warehouse club format. A joint venture with SHV Holdings, a Dutch firm, Makro outlets are in Cincinnati, Cleveland, Philadelphia, Baltimore and Washington, DC.

An experiment with Office Square, an office supply

The first American Fare, a food and general merchandise "hypermarket," in Atlanta.

Stockholders air shopping gripes

K Mart's shareholders are also shoppers, and they didn't hestitate to take their complaints to the top at Tuesday's annual meeting in Troy,

"Give him a case of Eureka bags free," chairman Joseph Antonini ordered after a shareholder, shopper and retirce, Michael Turok, complained he was unable to find replacement bags for the vacuum cleaner at three company stores. He had purchased the appliance at K mart.

"No excuse," Antonini commented. "We make more money on the bags."

"See that Joey gets a free Nintendo," Antonini ordered after mother Pat Gilonna reported her son found the game's price \$5.415 cheaper at competitors.

She said her son saved his own money to buy three shares (current price: \$139.25).

To a shareholder who asked for a dividend reinvestment plan, Antonini said it's "something we're working on. The problem is that 60 acreent of shareholders own under 1 percent of the stock. We'll look at it."

The company has 201 million shares.

SEEKKING TO Instill "mitsdonary seal" for customer

Initiality ventions (a so percent increase to \$476 million habes.)

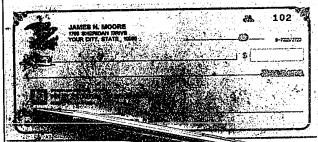
An employee complained about lack of a cost-of-living pay hibe, adding. "I can no longer afford to eat in the calcteria." She ecceived much applause.

A Prestyrerian minister, the Rev. William Somplatski-Jarman, asked Antonini to put pressure on a Georgia curtain supplier, S. Lictenberg Co., which is fact get argued in a reach bias and union problems.

"This (union ratification) is tied up in court," Antonin replied. "We ve talked. They're committed to resolving this, I said we wanted them to get this behind us."

For 1988, K mart reported alse of \$47.8 billion, up 6.5 percent; income of \$603 million, up 16 percent; and

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