

Economic Impact of New Jersey's Retail Supermarket Industry



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October 2004

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Acknowledgements

The preparation and research for this paper was funded by an Academic Excellence Fund grant awarded to the Department of Labor Studies and Employment Relations of the Rutgers University School of Management and Labor Relations. The aim of the Rutgers University Academic Excellence Fund is to support research that would seed the development of outstanding novel academic initiatives, establish vital new core resources or facilities that serve multiple groups, or significantly enhance interdisciplinary activities.

Economic Impact of New Jersey's Supermarket Industry

Executive Summary

The New Jersey Supermarket Industry is a significant and sustaining segment of the state's retail business sector with sales, payroll and employment averages higher than national averages.

The Supermarket Industry is a major source of employment for skilled and unskilled workers, directly employing 67,530 people in 500 stores; more than other major New Jersey sectors, such as telecommunications (47,510), casinos (42,810) and pharmaceutical manufacturing (36,616).

As a highly unionized industry in New Jersey (96% of all stores), supermarket wage levels, health and pension benefits, and job security protections provide employees with livable wages, benefit protection and workplace representation through collective bargaining.

The Supermarket Industry pays more than \$1.5 billion per year in wages and salaries to New Jersey supermarket employees, and expends more than \$2.3 billion in total payroll costs.

New Jersey's 500 supermarkets are located in nearly half of New Jersey's municipalities, and thereby, make a substantial contribution to local property tax collections which fund key public services including public schools.

The retail supermarket industry compares favorably in terms of employment, payroll and number of establishments with New Jersey's highest profile industries: pharmaceutical manufacturing and casinos.

Long-standing traditions of charitable giving and volunteerism by supermarket firms, their employees and labor unions contribute greatly to the quality of life in local towns, and throughout the State of New Jersey.

INTRODUCTION

*I*n communities across America, a public debate is raging over the economic and social impacts of so-called “big box” stores. The New Jersey Office of State Planning describes “big box” stores as large industrial-style buildings with footprints up to 200,000 square feet that are often three stories tall.¹ These super-sized structures are used as discount retail outlets that are dramatically changing the buying and spending patterns of consumers and enflaming passions of opponents and supporters. The worldwide success and attention garnered by the most well-known big box store retailer, Wal-Mart, has brought the conversation over the impacts of this phenomenon to a new level. In many ways, an ideological line in the sand has been drawn to mark the sharp differences of opinion over the pros and cons of the “big box” movement.

Lower consumer prices, efficiencies of scale, job creation (construction and retail), community involvement, improved product availability, and customer convenience are all arguments put forth by the “big box” chains to demonstrate the positive features of the mega-stores. Critics of “big box” stores cite low wage and benefit levels, traffic congestion, questionable labor practices, negative effects on smaller retail establishments (particularly traditional Main Street retail outlets), and unfair competition as arguments for concern over Wal-Marts, Kmarts, Targets, etc.

One major business sector confronting the potential for serious loss of market share to “big box” stores is the retail supermarket industry. In recent years, many mega-discount retail stores have added grocery sales to their traditional retail merchandise. This direct competition with the traditional supermarket industry has made executives, employees, and union representatives in the retail grocery business nervous about future trends as the mega discounters continue to sell more grocery items and increase floor space dedicated to food products.

Proponents of food sales by “big box” discount stores see the move as a win-win situation for consumers. A recent California study calculates the expansion of Wal-Mart into the grocery sector will lead to a savings of 15% for customers purchasing grocery items, and force a 10% reduction in prices at competing retail supermarkets. The authors argue that savings on groceries bought at Wal-Mart will allow consumers to spend more on housing, entertainment and transportation costs, and further, that these expenditures will trickle down to create jobs outside the food industry.²

Data from consumers about their shopping and purchasing preferences substantiate the retail grocery industry’s growing fears. A decade ago the average household made more than ninety trips a year to their local supermarket. Today, that number is down to an average of 73 visits per year.³ The desire among consumers for the convenience of

one-stop shopping is being partially met by “big box” stores that offer a growing variety of traditional grocery products along with dry goods and other retail items. In fact, according to the Food Marketing Institute, Wal-Mart Supercenters were the top food retailers in the United States in 2002 with annual food sales of \$51.8 billion, just edging out The Kroger Company. Other mega discounters in the top ten were two wholesale clubs, Costco at sixth and Sam’s Club (owned by Wal-Mart) at number seven.⁴

Opponents of the expansion into the grocery business by the “big box” discounters have produced a litany of negative consequences resulting from their business practices and strategies. Among the conclusions of Edward B. Shils, Director Emeritus of the Wharton Entrepreneurial Center, at the University of Pennsylvania are that,

“The Supercenter’s impact on the food industry will not be transparent to the casual observer. The entry of mega-retail discount chains like Wal-Mart, Kmart and Target into the food business is to increase their retail sales possibly by as much as an estimated 30% - in the case of Wal-Mart. However, there will be a further negative impact upon the local, state and federal economies as jobs go from full time to part-time and as wages drop and fringe benefits disappear.”⁵

In New Jersey, the retail supermarket industry is a significant player in the state’s economy. Since the 1950’s, when supermarkets began to replace corner stores as the primary consumer choice for food purchases and New Jerseyans began their flight to the suburbs, the local supermarket has become, and remains a fixture in communities throughout the State. A source of jobs, tax ratables, corporate citizenship and consumer satisfaction, the retail supermarket industry is an important component in the New Jersey economy and the primary outlet for the sale of grocery products.

In a State where the loss of manufacturing jobs over the past decades has reduced the employment opportunities for high school graduates, local supermarkets have often replaced local factories as attractive and stable places of employment opportunity. In a State where municipalities actively compete for property tax ratables, local supermarkets have long been a steady source of tax revenues to municipal governments across New Jersey. At a time when private-public partnerships between government and the business community are commonplace, supermarkets by virtue of their longevity in local communities are part of the everyday life of the towns they serve. In a diverse and populous state like New Jersey, local supermarkets have survived rapidly changing consumer patterns and tastes, as well as technological advances and multiple corporate consolidations.

However, the trend toward increasing food sales competition from the “big box” discount retailers poses a threat to New Jersey’s grocery industry. The aim of this paper is to describe the economic impact of the supermarket industry, so that the risks to New

Jersey, from the competitive threats posed by the “big box” stores that are combining retail and grocery sales under one roof, can be appreciated in a broader context. This study will examine the industry’s contributions in terms of employment, payroll, geographic distribution, and local community impacts. The supermarket industry will be contrasted with two of New Jersey’s high profile business sectors, the casino and pharmaceutical industries, in an effort to provide a picture of the relative size and importance to the Garden State of the retail grocery business.

As Wal-Mart, Target, Kmart, and other retailers devote more of their stores to the sale of grocery products, and continue to expand their operations in New Jersey, the retail supermarket sector of our State’s economy is imperiled. The economic and social backlash may very well be felt by workers, consumers, policy makers, and taxpayers from Trenton to High Point to Cape May.

New Jersey Supermarket Industry

Consumers in the Garden State can shop in a variety of retail outlets to purchase food products for home preparation and/or consumption. Supermarkets, convenience stores, bodegas, fruit and vegetable markets, farm stands, delicatessens, wholesale clubs, dollar stores, pharmacies, mega discount “big box” centers and any number of hybrid retail venues stock and sell a wide variety of food products. This report will focus on the segment of the retail food industry that sells products in a supermarket format.

The Food Marketing Institute describes a supermarket as a grocery store that offers a full line of dry grocery, canned or nonfood items plus some perishable items, has at least \$2 million in annual sales, and offers about 15,000 products. Operators with more than 11 stores are classified as chain supermarkets; those with less than 11 retail stores are considered independents.⁶ In 2002, there were 32,981 supermarkets in the United States, 65.4% were operated by chains and 34.6% were independents. These supermarkets competed with 132,000 convenience-type stores and 972 wholesale club stores for consumers purchasing food products. While supermarket sales in 2002 totaled \$411.8 billion, convenience stores and wholesale clubs had a combined sales of \$119.9 billion.⁷

Buying and eating habits of American consumers have changed noticeably over the past several decades, largely in response to varying social and economic conditions. The busy American family in the 21st century is often seeking convenience over price when it comes to food purchases. Consumers with limited time for food preparation are seeking fast cooking alternatives, and spending more of their food dollar in restaurants rather than retail food stores. Earlier studies have identified this trend and one noted that,

“Increased competition from food service establishments has led to a 17 percent drop since 1970 and a 6 percent decline since 1990 alone in the share of food dollars spent on food eaten at home in the United States, to a level of 55 percent. In 1992, 45 percent of the money Americans spent on food was dedicated toward purchasing food away from home, a growth of nearly 34 percent since 1970...”⁸

Despite these trends, the food retail industry continues to be a significant portion of all retail business. The latest sales, payroll, and employment data available from the U.S. Census Bureau demonstrate the sizeable impact of the retail food industry. (note: data includes supermarkets, grocery stores, convenience stores, specialty food stores, meat, fish, fruit & vegetable, and seafood markets, bakeries, nut & confectionary stores—excluded are beer, wine & liquor stores) Approximately 15.4% of retail sales, over \$379

billion, were generated by food stores. In terms of annual payrolls, 16.3% of the \$237.1 billion of retail payrolls were associated with food store employees who make-up 19.7% of all retail employees. In New Jersey, the impact of the food industry on the retail economy is even greater, as 17.1% of sales, 19.7% of payroll, and 23.9% of employees in retail businesses are attribute to food stores.⁹

As these data indicate, the future economic success of the supermarket industry, as the primary player in the food retailing industry, will significantly affect retail business in general. Increasing sales of food products by “big box” stores, as well as other factors, could undermine the role of the retail food industry and have adverse consequences for retail trade.

In New Jersey, there are fourteen major supermarket operators with three stores or more, which this report will characterize as New Jersey’s supermarket industry. It is this segment of the retail food industry that is the focus of this report. The individual firms are briefly described below:¹⁰

Acme

Acme has its origins in the Greater Philadelphia Area, but since the 1930’s has expanded into New Jersey and become one of the leading grocery retailers in both the Greater Philadelphia Area and New Jersey. There are sixty-one Acme stores in New Jersey providing employment for thousands of individuals. Acme was acquired by Albertsons in 2000.

A&P

A&P is one of the largest grocery retailers in the United States with over 650 supermarkets in 11 states and Washington, D.C including 61 stores in New Jersey. A&P employs approximately 79,000 individuals in the United States. Besides operating supermarkets under the A&P banner, A&P also operates Superfresh, Food Basics (franchised), and Waldbaums. A&P additionally manufactures its own private-brand products under labels such as America’s Choice, Master Choice, and Health Pride for sale in its own and others’ stores.

Foodtown

There are more than fifty Foodtown supermarkets in the New York - New Jersey region. The thirty Foodtown stores in New Jersey are located in Ocean, Monmouth, Middlesex, Union, Passaic, Morris, Somerset and Essex counties.

Genuardi's Family Markets, Inc.

Genuardi's operates 40 stores in Pennsylvania, New Jersey and Delaware and has expanded its operations to provide consumers with prepared foods, in-store cafés and in-store banks in the 1990s. The chain has more than 6500 employees. In December 2000, the Genuardi family announced the sale of Genuardi's Family Markets to Safeway Inc. of Pleasanton, California. The transaction was finalized in February 2001. Safeway Inc., a Fortune 50 company, operates more than 1,700 stores across the United States and Canada, and is one of the largest food and drug retailers in North America based on sales.

Giant Food

Giant Food operates 12 establishments (Giant Food and Super G Supermarkets) within the state of New Jersey and a total of 194 stores on the Mid-Atlantic East Coast.³ In addition to operating supermarkets, Giant Food acquired by Ahold USA in 1998, also operates its own dairy, beverage bottling, and ice-cream plants. In total, Giant Food LLC employs more than 20,000 workers.

IGA

IGA is an international grocery network with more than 4,000 affiliates in 48 states and 45 countries. Founded more than 75 years ago, IGA reports annual sales in excess of \$21 billion worldwide. IGA has 13 member supermarkets in New Jersey.

Kings Super Markets

Kings Super Markets operates 25 "upscale" stores in Northern New Jersey and two in New York. Purchased by the British firm, Marks and Spencer in 1988, a deal to sell off Kings to D'Agostino Supermarkets fell through in 2002.

Pathmark

Pathmark is one of the United States' largest regional supermarket operators with locations in Delaware, New Jersey, Pennsylvania and New York. Pathmark supermarkets are large (average 53,000 sq. ft.) and productive (\$738 per selling sq. ft.), relative to the market and national average." With 142 stores in these 4 states, Pathmark employs 27,000 people.

Shop Rite

Over the last several decades, Shop Rite has grown into the largest retailer-owned cooperative in the United States, and the largest supermarket employer in New Jersey. The cooperative is comprised of 43 members who individually own and operate supermarkets under the Shop Rite banner. Today, more than 50,000 people are employed by Wakefern Food Corporation, the merchandising and distribution arm of the company, and the 190 Shop Rite stores in New Jersey, New York, Connecticut, Pennsylvania and Delaware.”

Stop & Shop

Stop & Shop operates 345 food stores in New England, New York and New Jersey with more than 57,000 employees. The firm is the largest supermarket operator in New England, where it began 85 years ago as Economy Grocer Stores. Stop & Shop is a subsidiary of Ahold USA, Inc.

Thriftway/Shop n Bag

Locally owned and managed, the stores in this chain operate as Thriftway or Shop n Bag or a combination. There are 15 stores in New Jersey, 1 in Delaware and 24 in Pennsylvania. The New Jersey based Thriftway/Shop n Bag supermarkets are primarily located in the Southern New Jersey.

Wegmans Food Markets, Inc.

Wegmans stores tend to be larger than most supermarkets (120,000 sq. ft.) and provide a wider array of items, including gourmet and organic products. They additionally offer specialty shops such as huge in-store cafes, cheese shops and upscale bakeries. Wegmans has experienced a relatively large level of growth over recent years; while still a small company in comparison to many of its competitors, Wegmans employed approximately 31,300 individuals in 2002, and presently operates four stores in New Jersey.

Weis Markets, Inc.

Weis Markets operates a total of 160 grocery stores, primarily in Pennsylvania but also in Maryland and five other states including New Jersey (3 stores). Overall, Weis Markets employs 18,000 associates.

Whole Foods Market, Inc.

Whole Foods Market is known as the pioneer of health foods retailing in the supermarket industry. It is the world's largest natural foods chain operating 145 stores and employing more than 26,000 workers in 26 states including New Jersey (6 stores) in 2003. Whole Foods offers more than 1,200 items in 6 lines of private-label products.

***Table 1: New Jersey Supermarket Industry:
List of Major Firms (2004)***

Company	Number of Stores
A&P (Superfresh)	84
Acme	61
Foodtown	30
Genuardi's	6
Giant Foods (Super G)	12
IGA	13
King's	25
Pathmark	66
Shop Rite	122
Stop & Shop	53
Thriftway/ Shop n Bag	15
Wegmans	4
Weis	3
Whole Foods	6
Total	500

Source: Company Reports and Websites

UNION REPRESENTATION

A majority of supermarket employees in New Jersey are represented by labor unions and covered by union contracts that establish wage and benefit levels, as well as other workplace rights and benefits. Supermarket employees that work inside the stores (butchers, cashiers, stockers, food handlers) are represented by one of several local affiliates of the United Food and Commercial Workers, AFL-CIO, the largest retail employee union in the United States. Supermarket chains have warehouse and distribution facilities, and unionized employees engaged in these operations are represented by local affiliates of the International Brotherhood of Teamsters, AFL-CIO.

The U.S. Department of Labor reports that in 2002, New Jersey was the sixth most unionized state in the U.S, with 19.4% of all workers represented by labor organizations. This union density compares favorably to the national rate of 13.2% for the same period. The supermarket industry is among the most highly unionized sectors of New Jersey's economy. In fact, 96.2 % of all stores operated by the major supermarket firms have union-represented employees whose wages and benefits are determined through collective bargaining.

Of the fourteen major New Jersey supermarket chains, four are non-union. Below is a chart depicting which firms are organized, and the unions representing employees in each company:

Table 2: Union Representation in the New Jersey Supermarket Industry

Company	Union(s)
Acme	UFCW, Teamsters
A&P (Superfresh)	UFCW, Teamsters
Foodtown	UFCW
Genuardi's	None
Giant Foods (Super G)	UFCW
IGA	UFCW
Kings	UFCW, Teamsters
Pathmark	UFCW, Teamsters
Shop Rite	UFCW, Teamsters
Stop & Shop	UFCW
Thriftway/Shop n Bag	UFCW
Wegmans	None
Weis	None
Whole Foods	None

As will be demonstrated in the following sections, the supermarket industry in New Jersey is a very important part of the State's economic activity in terms of job opportunities, overall size, tax revenues for local and state government, and community and charitable contributions. The industry's base in communities across New Jersey and the basic nature of the products sold combine to make supermarkets a familiar and formidable retail channel.

Direct Economic Impacts of the New Jersey Supermarket Industry

As noted earlier in this report, New Jersey supermarkets are a vital component of the retail business sector in the Garden State. The industry's statewide sales, employment levels and payroll costs are significantly higher than the national averages. Given the size and importance of the supermarket industry in New Jersey, its continued success and growth will directly impact the vitality of the State's economy. This section of the report will present the industry's contributions as a major employer, tax payer and corporate citizen.

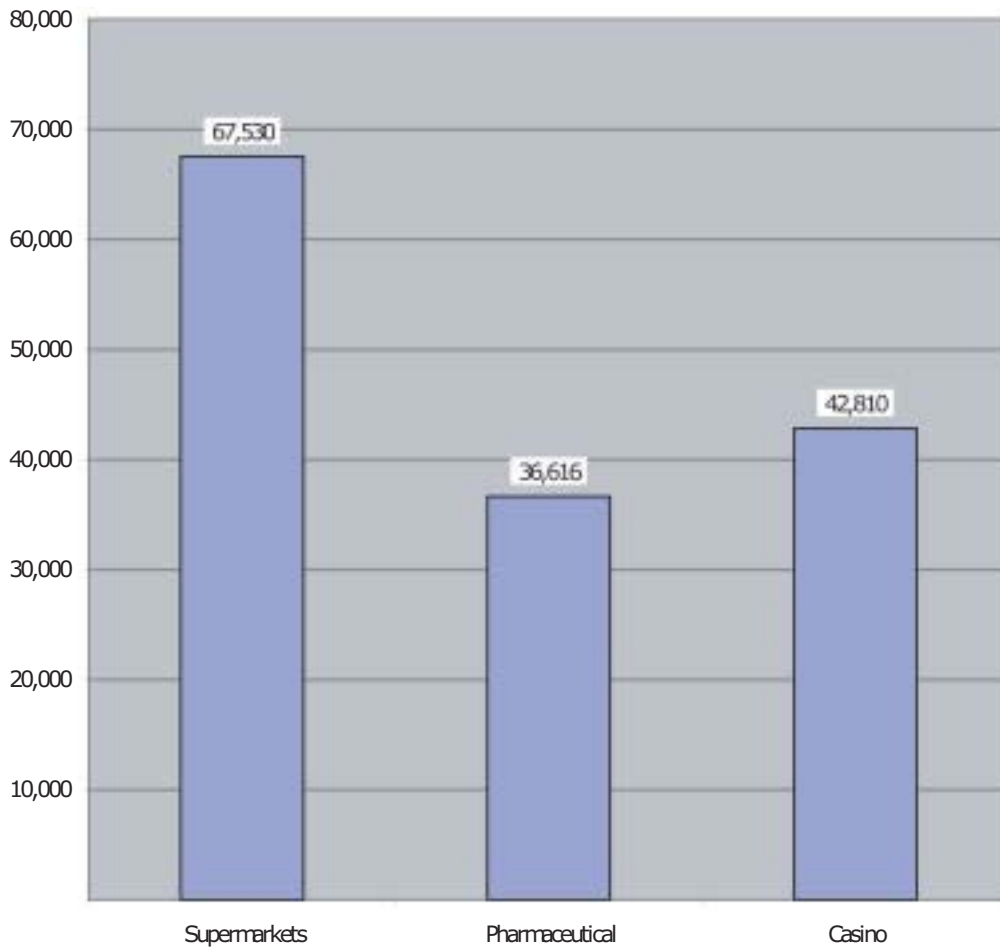
Employment

Like many other Northeastern states, New Jersey has lost thousands of manufacturing jobs in the past two decades. The state has been forced to compete with other jurisdictions for new jobs in the technology, research, and service sectors. However, throughout this job crisis, New Jersey retail supermarkets have been a steady and stable source of quality jobs that pay living wages, offer health and pension benefits, and provide career advancement opportunities.

The most recent data indicates that the New Jersey supermarket industry directly employs 67,530 workers, which is 1.9% of the state's total work force of 3.6 million nonfarm employees.¹² By any measure, this level of employment underscores the considerable contribution the industry makes to the economic life of the state. These 67,530 supermarket employees pay rents, mortgages, sales, income and property taxes, and purchase an array of goods and services, all of which help to keep New Jersey's economy humming. The indirect economic impact of these expenditures by 67,530 supermarket workers and their families is of major consequence to the fiscal condition of the state.

In order to provide a context for the size of the supermarket industry and its contribution to statewide employment opportunities, Table 3 compares the number of jobs in retail supermarkets with employment levels in two of New Jersey's highest profile industries; pharmaceutical manufacturing and casinos. New Jersey is unquestionably the home of the pharmaceutical industry in the United States, and outside of Nevada, the state with largest legalized casino gambling sector. Like supermarkets, casinos and pharmaceutical manufacturing firms offer quality jobs with livable wages and benefits.

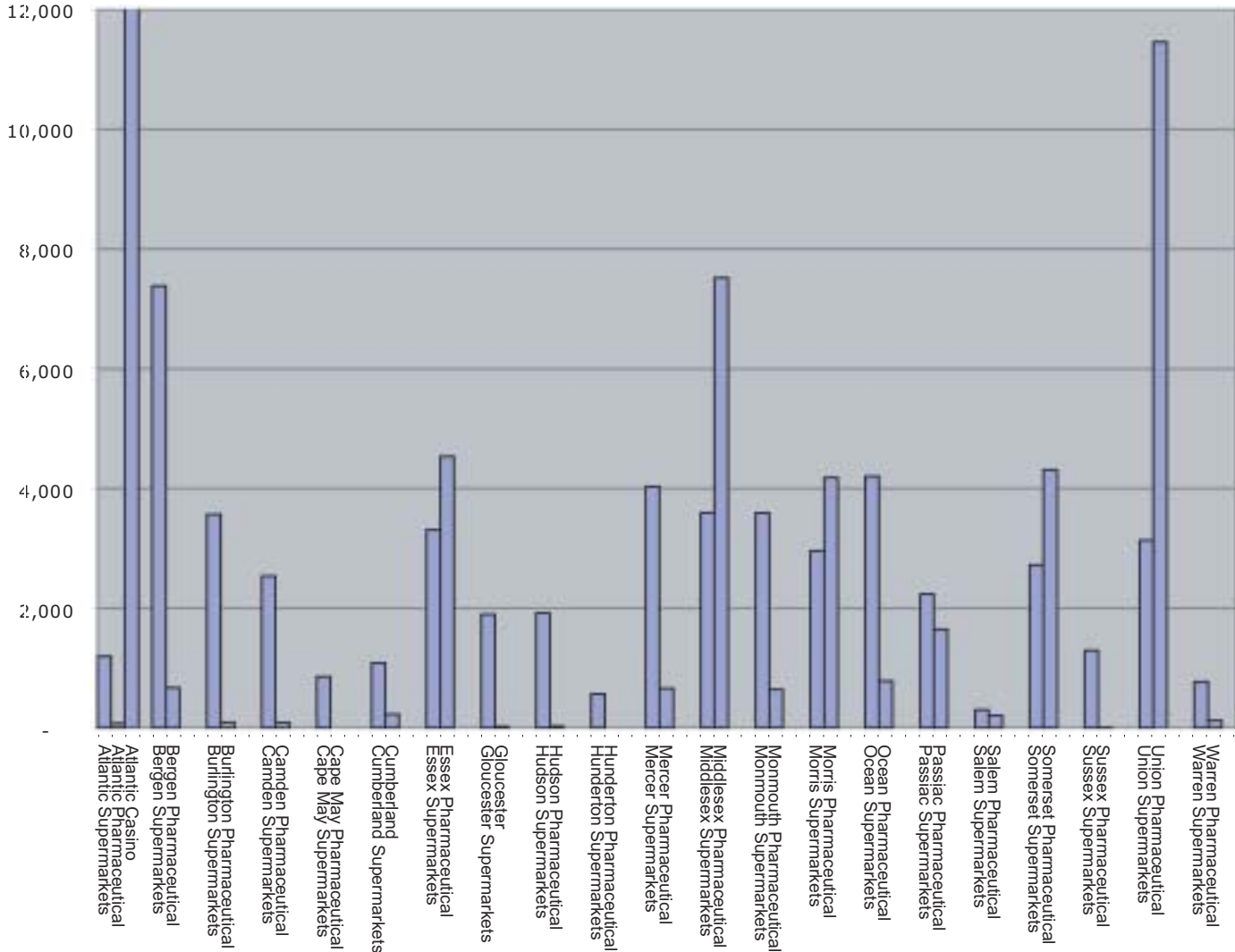
*Table 3: Average Annual Employment:
Comparison of Supermarkets, Pharmaceutical and Casino
Industries*



Source: NJ Department of Labor, 2002

As the table shows, the supermarket industry employs more workers than either of these two critically important, New Jersey-based industries. In fact, supermarkets employ almost twice as many workers as pharmaceutical manufacturers and 24,000 more than Atlantic City's casinos. Further, Table 4 provides a county-by-county breakdown of employment levels in New Jersey's supermarket, pharmaceutical and casino industries. In fifteen counties, the supermarket industry provides a greater number of employment opportunities.

**Table 4: Employment By County:
Comparison of Supermarket Pharmaceutical and Casino
Industries**

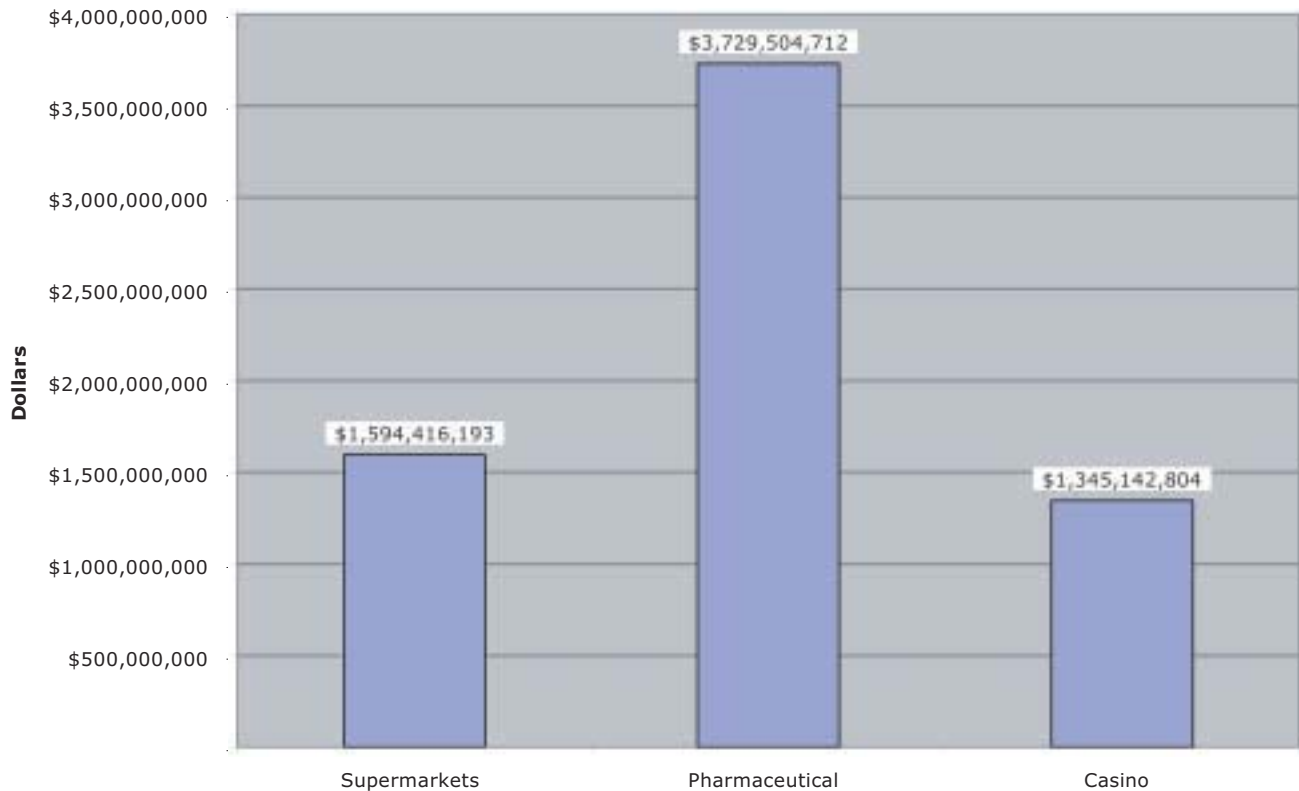


Source: NJ Department of Labor, 2002

Payroll Costs

Another important measure of sectoral impact on a state or region's economy is the aggregate expenditures of the firms in that sector on wages and salaries. In 2002, New Jersey's retail supermarket payroll expenditures exceeded \$1.5 billion. Table 5 contrasts annual payroll costs in supermarkets, pharmaceutical manufactures and casinos.

Table 5: Total Annual Payroll: Comparison of Supermarkets, Pharmaceutical and Casino



Source: NJ Department of Labor, 2002

Higher wages paid to scientists and health care professionals account for increased payroll costs among the pharmaceutical companies, however, the supermarket industry has nearly \$250 million more in payroll costs than casinos. If payroll taxes and benefit contributions are added the total payroll costs rise to more than \$2.3 billion! The ripple effect of these significant investments in human capital has a positive effect on businesses, services, and local communities throughout New Jersey.

Geographic Distribution of Supermarkets

The Food Marketing Institute reports that even though the percentage of food sales by supermarkets has decreased in recent years, the industry still has 100% market penetration in the sense that all consumers say they visit a supermarket at least once each year. A contributing factor to this market penetration is the number and geographic distribution of supermarkets across local and regional sectors. In 2002, New Jersey had 472 supermarkets spread out in 259 municipalities, in all of the state's twenty-one counties.¹⁴ This extensive statewide distribution of retail grocery outlets translates into significant financial support for nearly 50% of New Jersey towns in the form of property tax payments. These payments help to support local government services and public schools, and a share of each tax dollar also assists county governments to carry out their public missions.

Consumers benefit from the convenience of having a supermarket in their community or a neighboring town, and as Table 6 shows many towns have more than one supermarket option.

<i>Table 6: New Jersey Municipalities with One or More Supermarkets (2002)</i>			
<u>City</u>	<u>Number of Supermarkets</u>	<u>City</u>	<u>Number of Supermarkets</u>
Absecon	2	Bernardsville	2
Asbury Park	1	Beverly	1
Atlantic City	1	Blackwood	2
Atlantic Highlands	1	Blairstown	1
Audubon	1	Bloomfield	3
Barnegat	2	Boonton	2
Basking Ridge	1	Bordentown	2
Bayonne	2	Bound Brook	1
Bayville	2	Brick	4
Bedminster	1	Bridgeton	1
Belleville	3	Bridgewater	1
Bellmawr	1	Butler	1
Belmar	4	Burlington	2
Belvidere	1	Caldwell	4
Bergenfield	1	Camden	1
Berkeley Heights	2	Cape May	2
Berlin	1	Cape May Court House	1

Carteret	1	Franklin	1
Cedar Grove	1	Franklin Lakes	2
Cedar Knolls	1	Franklin Park	1
Chatham	2	Freehold	4
Cherry Hill	6	Garfield	1
Chester	1	Garwood	2
Clark	2	Gillette	1
Clementon	2	Glassboro	2
Clinton	3	Gloucester City	1
Closter	2	Hackensack	3
Collingswood	2	Hackettstown	3
Colonia	1	Haddonfield	1
Cranbury	1	Haledon	2
Cresskill	1	Hamburg	1
Dayton	1	Hammonton	1
Denville	1	Hasbrouck Heights	1
Dover	2	Hazlet	3
Dumont	2	Highland Park	1
East Brunswick	4	Hightstown	3
East Hanover	1	Hillsborough	1
East Orange	2	Hillsdale	2
East Rutherford	1	Hillside	1
Eatontown	2	Hoboken	2
Edgewater	2	Holmdel	2
Edison	7	Howell	2
Egg Harbor Township	1	Irvington	1
Elizabeth	4	Jackson	1
Emerson	1	Jersey City	7
Englewood	1	Kearny	2
Englishtown	4	Kenilworth	1
Fair Haven	1	Keyport	1
Fair Lawn	2	Landing	1
Fairview	2	Lanoka Harbor	1
Fanwood	1	Lake Hopatcong	1
Flanders	2	Lakehurst	1
Flemington	3	Lakewood	1
Florham Park	1	Lawnside	1
Fort Lee	4	Lincoln Park	3

Lincroft	1	Mount Laurel	4
Linden	1	Mullica Hill	1
Little Falls	3	Neptune	3
Little Silver	1	Neshanic Station	1
Livingston	3	Netcong	1
Lodi	1	New Egypt	1
Long Branch	3	New Milford	1
Lyndhurst	2	New Providence	1
Madison	1	Newark	4
Mahwah	1	Newton	2
Manahawkin	2	North Bergen	4
Manasquan	1	North Brunswick	2
Manchester Township	1	Northfield	1
Mantua	1	Northvale	1
Manville	2	Nutley	1
Maplewood	1	Oak Ridge	1
Margate City	1	Oakhurst	1
Marlboro	1	Oakland	1
Marlton	3	Ocean City	2
Matawan	3	Ocean View	1
Mays Landing	1	Old Bridge	3
Maywood	1	Orange	1
Medford	2	Palisades Park	1
Mendham	1	Paramus	2
Merchantville	1	Park Ridge	1
Middlesex	3	Parlin	1
Middletown	3	Parsippany	2
Midland Park	2	Passaic	5
Millburn	2	Paterson	4
Milltown	1	Pennington	1
Millville	2	Penns Grove	1
Monmouth Junction	1	Pennsville	2
Montague	1	Perth Amboy	2
Montclair	5	Phillipsburg	4
Morganville	1	Piscataway	2
Morris Plains	3	Plainfield	5
Morristown	1	Plainsboro	1
Mount Holly	3	Pleasantville	2

Point Pleasant Beach	3	Springfield	1
Pompton Lakes	1	Stanhope	1
Pompton Plains	1	Stirling	1
Port Monmouth	1	Succasunna	1
Princeton	5	Summit	1
Princeton Junction	2	Sussex	1
Ramsey	2	Swedesboro	1
Randolph	1	Teaneck	1
Raritan	1	Tenafly	1
Red Bank	3	Toms River	5
Ridgefield	1	Trenton	13
Ridgefield Park	1	Tuckerton	2
Ridgewood	2	Union	4
Ringwood	1	Union City	1
Rio Grande	1	Ventnor City	1
River Edge	1	Vernon	1
Riverton	1	Verona	1
Rochelle Park	1	Vineland	3
Rockaway	1	Waldwick	1
Rosenhayn	1	Warren	1
Rutherford	1	Washington	1
Saddle Brook	1	Wayne	6
Salem	1	West Milford	1
Sea Girt	1	West Orange	2
Seaside Heights	1	Westfield	2
Secaucus	1	Westwood	4
Sewell	2	Whippany	1
Short Hills	1	Whitehouse	1
Sicklerville	1	Whitehouse Station	2
Skillman	1	Williamstown	1
Somerset	2	Willingboro	3
Somerville	2	Woodbridge	4
South Amboy	1	Woodbury	2
South Orange	1	Woodbury Heights	1
South Plainfield	3	Wyckoff	1
Sparta	2	Woodstown	1
Spotswood	1	Total	472

Source: NJ Department of Labor, 2002

In addition to the local property taxes paid annually to local governments in New Jersey, supermarket firms also pay local taxes on many office, distribution, and warehouse facilities throughout the state. The supermarket industry also pays their fair share of corporate and business taxes, and collects applicable sales taxes, all of which contribute to the economic viability and stability of state government.

Corporate Citizenship

In times of scarce resources for public and non-profit programs, activities, and agencies, the private sector is called upon to step in and step up, in a variety of ways. As a community-based industry, retail supermarket companies and the labor organizations that represent supermarket workers, have a rich history of providing critically important assistance, both financial and volunteer, to deserving charitable causes and programs. As corporate entities and individual community citizens, supermarkets and their employees are a vital force in preserving and promoting the quality of life for all of New Jersey's residents. Below is a partial list of the charities and programs that benefit from the generosity of the owners, employees and unions in New Jersey's supermarket industry.

Table 7: Charities Supported by New Jersey Supermarket Companies and Unions (partial list)¹⁵

Leukemia Society
Women's Network
South Jersey Food Bank
Community Food Bank of NJ
Special Olympics
NJ National Center for Missing and Exploited Children
LPGA Charities
Toy Drives
Warm Coat Programs
Adopt-A-Family
Philadelphia Alzheimer's Walk
American Cancer Society
St. Jude Children Hospital
March of Dimes
Children's Miracle Network
Variety Club
Check-Out Hunger
American Heroes Fund
Deborah Hospital
Spina Bifida
Rutgers School of Pharmacy
Kiwanis
New Community (Newark)
Linden Summer Concert Series
Food Research Action Council
Cystic Fibrosis

SUMMARY

As this report has shown, the New Jersey Supermarket Industry is a critically important cog in the Garden State's economic engine. The more than 67,000 employees in the industry provide consumers across the state with a community-based option to purchase basic and necessary food products and dry goods. The business generated by the industry is responsible for direct wages in excess of \$1.5 billion, total payroll costs of \$2.3 billion, hundreds of millions of dollars in corporate and local property taxes, and countless charitable contributions. The *indirect* benefits from the economic activity serve to further multiply and underscore the impact of 500 supermarkets on local and regional economies. By almost any measure, the New Jersey supermarket industry ranks among the leading employers and businesses in the state.

Over the past three decades, the loss of hundreds of thousands of manufacturing jobs has dealt a serious blow to the economic health of New Jersey. The employment opportunities with firms that have relocated or gone out of business have generally not been replaced, or at least not replaced with wage and benefit levels equal to those that were prevalent in the manufacturing sector. As the forces of the global economy devastated traditional heavy industries in Jersey, such as auto and steel, sectors like the retail grocery industry became a more important source of quality employment opportunities. There was a time when a job in the manufacturing plant was considered a secure and rewarding career option in New Jersey. Today, well-paying jobs with benefits and job security are more likely to be found in the aisles of a supermarket than on the assembly line of a manufacturing plant.

The second phase of this study will examine the impact of the expansion of food sales by "big box" stores in New Jersey's supermarket sector. As is clear from the data presented, the supermarket industry is of significant value to New Jersey, and any potential negative impact on this vital sector is worthy of study. The "big box" revolution has drastically revised the structure of the marketplace in America, and the consequences and competitive challenges of these changes on supermarket firms will have impacts on grocery firms, their employees and customers. If the supermarket industry is unable to compete with "big box" stores, and an increasing market share of food sales is won by mega-discount chains, another of New Jersey's traditional and long-standing source of quality employment and economic vitality may be in jeopardy.

Footnotes

1. State of New Jersey. Department of Treasury. Office of State Planning. "Creating Communities of Place." December, 1995.
2. Gregory Freeman. "Wal-Mart Supercenters: What's in Store for Southern California?" Los Angeles Economic Development Commission. January, 2004.
3. "70th Annual Report of the Grocery Industry." *Progressive Grocer*. April 2003.
4. "Facts & Figures." www.fmi.com
5. Edward B. Shils. "Measuring the Economic and Sociological Impact of the Mega-Retail Discount Chains on Small Enterprise in Urban, Suburban and Rural Communities." University of Pennsylvania, February 7, 1997, p. 218.
6. "Facts & Figures." www.fmi.com
7. "70th Annual Report of the Grocery Industry." *Progressive Grocer*. April 2003.
8. Adesoji O. Adelaja, Rodolfo M. Nayga, Jr., Karen Rose Tank and Brian J. Schilling. "The Status and Condition of New Jersey's Food Retail Industry. Rutgers University. March 1997, p. 21.
9. 1997 Census of Retail Trade, U.S. Department of Commerce.
10. Firm descriptions from various company websites and industry sources.
11. Bureau of Labor Statistics. U.S. Department of Labor. 2002.
12. State of New Jersey. Department of Labor. Division of Labor Market and Demographic Research.
13. New Jersey supermarket industry officials estimate that mandatory payroll taxes, health and pension contributions are equal to 45% of payroll.
14. Retrieved from "County Business Patterns Census of 2001 at <http://www.census.gov/epcd/cbp/view/cbpview.html>.
15. List is based on information found on company and union websites, as well from industry sources.

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