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RATIONALISATION AS A PERMANENT TASK

THE GERMAN FOOD RETAIL TRADE IN THE TWENTIETH CENTURY

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'Today the food trade is without a doubt the best-rationalised area of the market economy in Germany.'[1] Until the present it has not yet been clarified how this came about, and a search for precise data or a detailed chronology will not be successful. The aim of this study is to trace changes in the internal structure of the food retail trade in the 20th century. The development of business and turnover will be placed in the centre, and the changes in the business premises and in the assortment will be examined. In that way it seems possible to encircle the problem that is decisive for the cheap and continuous supply of the population with food and luxury food, i.e. the problem of internal rationalisation of this branch of economy.

The establishment of the modern food trade

In comparison to the Western neighbouring countries the German food trade was a late starter. It was not until the German Kaiserreich that a modern, i.e. a distributional system adapted to the industrial market economy, was formed with a basic structure that would last until the early 1960s. The main characteristics at that time were:

1. The food trade grew on a scale far above the population growth and reached a number of firms in 1914 never to be regained later. The average number of employees per firm was only 1,6 persons in 1914, but had increased steadily since 1875 (Table 1).

Table 1: Firms and employees in the food trade in Germany 1875–1914

Year	1875	1882	1895	1907	1914
Firms	191,338	241,150	317,381	486,183	583,981
Employees	223,481	286,209	485,917	780,188	951,854
Employees per firm	1.17	1.19	1.53	1.60	1.63

Sources: *Betriebszählung* (1930), i. 3, p. 11; Reithinger (1929), p. 340.

2. Parallel to the development of firms the significance of the immediate supply by means of weekly markets, hucksters and pedlars simultaneously decreased, while the shop as a dominating form of retail trade succeeded. This development, begun in the second third of the 19th century, took a varying course depending on the region and was probably finished in the great cities around 1880/1890. Against this background endeavours to concentrate the food retail trade in market halls failed. A contrary movement and a new form of business on the other hand was formed in the shape of the partly very important street trade with sales stalls.[2]

3. The disappearing significance of direct contact between producer and consumer also resulted from the obvious change in the goods sold. The country products and the colonial goods were joined by a third group of industrially prepared and produced foodstuffs. First these manufactures were semi-products like farinaceous products, oat flakes and soup flours, and from the middle of the 1860s the scale of branded articles ready for use also increased, although the actual breakthrough of these products happened in the Weimar Republic.

4. Apart from the generally growing real income and the increasing size of the urban markets this stock extension was the basis of a specialization that made the creation of a delimitable, shop-bound specialized food trade possible. Within this branch of economy recently unknown specializations on single goods and groups of goods respectively took place: the grocer and shopkeeper respectively were joined by milk-, fat- (butter, eggs, cheese), vegetables-, fruits-, bread-, delicatessen-, tobacco-, wine and liquor shops, to name only the most important ones. The extent of these changes can be demonstrated by the following data from Hamburg:

Table 2: Specialization of the food retail trade in Hamburg 1800–1913 (Number of shops)

Year	1800		1842		1913	
Retail trade with agricultural products	104	(5,4%)	282	(8,5%)	4,453	(22,8%)
Groceries	263	(13,7%)	369	(11,8%)	1,488	(7,6%)
Delicatessen	22	(1,2%)	26	(0,8%)	741	(3,8%)
Beer	–		1	(0,0%)	16	(0,1%)
Wine and liquor	205	(10,7%)	247	(7,4%)	280	(1,4%)
Confectioneries	2	(0,1%)	1	(0,0%)	233	(1,2%)
Bread and baker's ware	4	(0,2%)	–		1,820	(9,3%)
Meat and meat products	29	(1,5%)	45	(1,4%)	29	(0,1%)
Fish	4	(0,2%)	7	(0,2%)	200	(1,0%)
Tobacco	56	(2,9%)	92	(2,8%)	2,062	(10,6%)
Total	689	(35,9%)	1.070	(32,1%)	11,322	(58,0%)

Source: Author's evaluations of the Hamburg directories of these years. Percentage from all shops in Hamburg.

5. In spite of these remarkable changes the small neighbourhood shops were constantly criticized by consumers and science. In addition to inadequate food hygiene one attributed to them a price-raising effect, a small enterprise structure, minimal own capital resources, no orderly book-keeping, high outstanding debts because cash-payment was unusual, high labour costs caused by daily opening-times of more than twelve hours, small cold-storage-, storage- and salesrooms, and those were the characteristics of the majority of shops.[3] Nevertheless one should not forget that these shops were the most essential innovation, whose internal rationalisation turned out to be the permanent task until the 1960s.

The great possibilities for rationalisation were first of all used by the so-called 'new' forms of business, which nevertheless all began in the form of small enterprises.

Department stores did not exist in the German Empire until the 1890s, and they started selling food in 1892.[4] Used as a competitor, food had to represent the general cheapness of the business. The department stores created a price pressure by means of a mixed calculation, rationalisation pressure through purchasing power and standardization of goods as well as a pressure for innovation by means of new products like canned vegetables and tomatoes. They included delicatessen and basic foodstuffs into a 'shopping event' and appealed to the senses in the food departments. In terms of business and marketing they worked as attacked models, although they did not rise above 0,25 per cent of the foodstuff turnover in 1913.

Greater significance was gained by the consumer co-operative societies that rose particularly since the middle of the 1880s. Since then endeavours, especially from the side of the workers, were made to combine economic and social-political aims even against the resistance of the trade unions and the Social Democrats. They tried to establish a distributive contra-society that could deliver high-quality products at prime cost and at the same time represent a not-commerzialized but cooperative way of life. By means of large-scale efforts aiming at an own production the usual assortment of goods was extended by baker's ware and fresh meat. The sale was made through a broad network of medium-sized shops, while important sales advantages were achieved through the 'Grosskaufsgesellschaft' founded in 1894, and regional purchasing days respectively. Cash, payment and reimbursement at the end of the year improved the internal liquidity. Despite the great increase only 5 per cent of the total turnover was concentrated in their hands in 1913.

The multiple shop trading, which was founded in the 1870s, formed the private economy, counterpart of the consumer-cooperatives. Purchase, stock-keeping, calculation, advertising and administration were centralized, and only the sale was decentralized. Most chain-stores stayed regionally limited, and only a few specialized chains gained a country-wide significance by means of limited assortments arranged around popular

products (coffee, chocolate, tobacco). Chain-stores like Kaiser's Coffee-Shop became well-known through uniform advertising and a uniform shop decoration as well as their own trade marks. Still, their share of the foodstuff turnover in 1913 will only have been about 3–4%.

The specialized retail trade reacted to this strongly noticeable competition in two ways. On the one hand it called for government protection. Since the middle of the 1890s this led to special taxes against all new forms of business, whose further development was at least checked.[5] On the other hand attempts to improve the business situation through 'self-help' turned out to be more important. Two developments have to be pointed out:

In the field of sales the middle-sized firms began a large-scale fight against the costly habit of buying on tick. Since the 1890s they switched to handing out 5 per cent discount tickets in the case of each payment in order to diminish the outstanding debts involving heavy losses and to tie the customers closer to the shops. As the generally increasing costs had to be cushioned somehow, further rationalisation endeavours were inevitable. Since 1902 a country-wide organisation in the 'Union of the German Discount Savings Associations' was established and in 1913 about 40,000 food stores were members of this organisation that turned out to be the most important retail trade organisation before the First World War (Table 3).

Table 3: The Union of German Discount Savings Associations 1903–1914

Year	Members	Turnover (10 Million. M)
1903	12,000	10,939
1904/05	18,789	18,789
1905/06	33,691	29,648
1906/07	41,741	40
1907/08	50,423	52
1908/09	54,773	62
1909/10	57,597	64
1910/11	61,500	68
1911/12	65,733	70
1912/13	70,400	74
1913/14	73,495	76

Source: Schmid (1920), p. 140.

As they did not manage to stop a further advance of the new forms of business, as even the multiple shop traders switched to the discount system, it became clear that the discount savings unions were only part of a necessary broader change. The growing communication within the unions made common purchase seem possible as a second innovation, which had already sporadically been practised in the 1870s. After central purchasing commissions had failed repeatedly, the foundation of the association of German retailer-purchasing co-operatives in 1907 led to a long-term successful establishment of a central purchasing union. Since 1912 this Edeka standardized advertising and in part even the decoration of the shop-front of their membership shops, they centralized big parts of the purchase, put through own trade marks and above all promoted the management knowledge of their members.[6] Following the new forms of business, parts of the specialized trade now switched to direct purchase from the producer and therefore managed ultimately to offer products at much cheaper prices.

At least 15–20% of all food stores were members of the discount savings unions and the retailer-purchasing co-operatives before the First World War. Alongside these efficient middle-class firms there were 1. many single and unorganized shops with only small profits and 2. a great number of avocational retailers which only aimed at supplementing the main income and were led mostly by women. Both types represent the actual problem of further rationalisation.

From dealer to distributor: The food trade in war and inflation 1914–1923

The First World War and the following hyperinflation stopped the slow but steady rationalisation on its own resources. Until the end of the 1940s a period followed that was only interrupted between 1924 and 1932 and was marked by a decisive break in market economy competition structures by means of governmental and corporate regulatory decrees. While the time before the First World War was marked by an increasing approximation to the standard of performance of the Western industrial states, the interval of more than thirty years represented a special development which was not alleviated until the big jump of the 1950s and most of all the 1960s and was finally overcome.

The First World War itself represented first and foremost a problem of acquisition for the food trade. The increasing difficulties in supplying the civilian population with the bare necessaries of life led to a comprehensive rationing of almost all foodstuffs until 1916. The government bureaucracy cooperated most of all with the larger firms and the associations of the retail trade and thereby indirectly promoted a high organisational structure. They gave fixed quotas of foodstuffs to the retailers, who had to distribute them to fixed consumers at fixed prices and in exchange for vouchers. While the continuance of the retail trade thereby tended to be conserved one simultaneously stopped further growth through strict 'keeping away of untrustworthy persons from the trade'. Still, the disintegration of the distributional system could not be countered. The war-time food policy, which was half-hearted due to political considerations, led to a strong intensification of the direct contact between consumer and producer, and illicit trade became essential. While the food trade had profited from the rising prices first, it has shown average losses since 1916.[7] The retention of products, usury and food adulteration strongly increased. The tax burden obviously increased, and in 1916 a limited, and since 1924 a general turnover tax was introduced. This tax actually hit the medium-sized and larger firms in particular, for one had

installed minimum tax limits for social reasons and the efficiency of the revenue authorities often failed in view of the small shops. The introduction of the eight-hour day attending the establishment of the Weimar Republic had relative cost advantages for the small shops in connection with the decreasing opening-times. Nevertheless, the significance of the new forms of business altogether increased until the end of the hyperinflation. While the multiple shops kept their positions during the war and slightly decreased later, the co-operative associations doubled their membership figures up to 1923 to almost 4 millions, but had to pay for their consumer-friendly activities with an extensive exhaustion of their reserves.[8] The strong fixation on the First World War as an economic cut blocks the view of the steadiness of the crisis, though. The nutritional situation remained precarious until 1923, the more so as the rationing system was maintained until 1921/22. The sale of the assortment, constantly changing according to acquisition possibilities, was guaranteed until 1923 and it is therefore not surprising that the number of small firms drastically increased between 1921 and 1923, while the hyperinflation was the end for many of them.[9] At the same time the significance of the street trade clearly grew, which helped many war-disabled persons and unemployed to make a frugal living.

Partial rationalisation: The short boom of the Weimar Republic 1924–1932

Since 1924 a distinct upward tendency of the food retail trade began. Since then the recordable turnovers rose by more than 50% up to 1929 (Figs. 1–2).

The turnover figures illustrate the greater stability of the food retail trade during the downswing in 1926 and the depression of 1929–1933, which was conditional on structure. Analogous with Engel's law, the rule is obviously applicable that the food retail trade's share of the whole trade turnover is in inverse proportion to the free top consumption figure of a society, a thesis which was also confirmed by the development in the Federal Republic of Germany. The number of firms increased slightly during the Weimar Republic, but without reaching pre-war times (Table 4).

Table 4: Number of firms and employees in the food retail trade in Germany 1925–1939

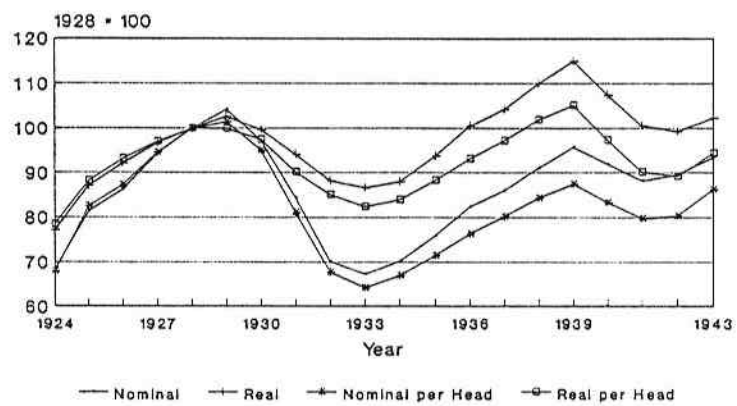
Year		1925	1933	1939
Firms	– Retail Trade	768.618	843.611	833.192
	– Food Sector	383.213	441.664	426.885
Employees	– Retail Trade	1,647.404	1,916.863	2,226.876
	– Food Sector	676.859	813.559	848.902
Employees	– Retail Trade	2,14	2,27	2,67
per firm	– Food Sector	1,77	1,84	1,99

Sources: *Betriebszählung* (1930), pp. 270–271; Ergebnisse (1927), pp. 351–352; *Betriebszählung* (1937), pp. 93–95; Einzelhandel (1942).

Fig. 1: Sales of the German Retail Trade 1924-1943

Sources: Umsatzgestaltung (1931), p. IV.48; Nieschlag (1947), p. 812.

Fig. 2: Sales of the German Food Retail Trade 1924-1943



Sources: Calc. from Umsatzgestaltung (1931); *Jahrbuch* (1933), p. 56, (1937), p. 59, (1941/42).

The business censuses illustrate at the same time the continually rising number of employees per business. They point to far-reaching but altogether only limited internal changes, whose basic significance has been discussed since the middle of the 1920s with the catchword 'rationalisation of trade'. Marketing analysis was to lead to a planned reduction of costs. In view of the consumer's new situation of choice since 1924 the demands concerning choice, packaging, display and quality of the products grew. Rising labour costs as well as a growing tax burden made the cost pressure swell again. The advice of the newly founded retail trade association, especially the 'Hauptgemeinschaft des Deutschen Einzelhandels' founded in 1919, aimed at correct bookkeeping and statistics as well as at a concentration of the purchase. Their effect on the food retail trade stayed small. The stock turnover rate hardly changed until the world depression while the new forms of business could already extend their pre-existing advantages (Table 5).

Table 5: Stock turnover rate of the food retail trade in Germany 1924–1931

Year	Groceries	Edeka	Multiple Shops	Consumer Coop.
1924	4,8	N.D.	11	18,7
1925	5,2	N.D.	11	20,2
1926	5,5	6,5	12	22,7
1927	6,6	5,8	13	26
1928	6,7	6	14	25,4
1929	6,5	5,9	16	25,9
1930	7,1	7,1	17	26,3
1931	8,1	7,5	20	27,6

Source: Benning and Nieschlag (1933), pp. 39–40.

The intensified competition led to a clear intensification of advertising in the retail trade; the costs involved almost doubled compared to pre-war times and lay far above those of the industry.[10] High sums of money were invested in the equipment of shops, shop-windows were installed, the salerooms were decorated with wainscoting and modern lamps.[11] While the surrounding field of the products thereby changed, the assortment stayed relatively unchanged. The share of branded articles clearly rose to 20–30%, and the share of trade marks also increased strongly. On the whole the specialization remained, and only creameries as well as coffee and cocoa shops showed the first signs of integration endeavours. An exception to this rule were the co-operative societies, which more and more gave up the strict separation of groceries and industrial products on one hand and fresh products on the other hand and often offered complete assortments.[12] The small flexibility of the assortment led to a strong growth of the street and huckster trade, which partly determined the fruit and vegetable supply in the big towns by 50% only to increase even more during the world depression.[13]

The forms of sale also hardly changed; the shop counter remained the decisive piece of furniture. Self-service was broadly discussed and had a precursor in the form of the uniform price shops, but was not realized. The Swiss Migros-System was not very successful either. It was based on the sale of packed products at round prices in moving shops.[14] The small purchasing sums and the share of loose and unpacked products, which made up almost a third of all products, supported this structural conservatism.

Small rationalisation efforts were achieved beyond the organisational area. The discount savings unions were ousted through war and inflation, the specialized and central organisations were poorly equipped as far as financial means were concerned and therefore not very efficient. The retailer-purchasing co-operatives were the only positive exception. In 1929 the Edeka linked more than 25,000 shops, the Rewe was the second central retailer-purchasing co-operative to be established and by 1935 it already had 8,000 members. Both associations achieved cost advantages through the purchase of products, but the position they held was still too weak to fasten the industrial production to the rationalisation endeavours of the trade.

The rationalisation of the retail trade only partly succeeded during the Weimar Republic. For one thing it remained confined to the individual business and left consumer and industry almost completely out. Furthermore it took place chiefly in the new forms of business and the senior specialized trade, while the small and smallest shops lost ground dramatically within a few years (Table 6).

Table 6: Sales of food of different forms of trade in Germany 1924–1933

Year	Groceries	General Stores	Department Stores	Consumer Coop.	Multiple Shops
1924	84	83	94,4	61,8	85,6
1925	100	100	100	100	100
1926	106	105	127,1	121,2	109,6
1927	116	116	156,7	143	140,1
1928	123	124	194,8	169,7	156,5
1929	129	128	237,1	190,1	166,6
1930	120	124	240,2	201,3	174,4
1931	107	108	222,3	188,5	152,5
1932	93,1	95,7	190,5	153,2	128,6
1933	90,2	94,3	155,9	115,5	91,8

Sources: *Wirtschaftszahlen* (1932), pp. 6–7; Hasselmann (1971), pp. 707–709; Handel (1933), p. 41; Handel (1934), p. 52.

As a consequence of lacking efficiency the specialized retail trade lost about 10% of its market share while the new forms of business managed to pool almost 24% of the turnover.[15]

Control through state and corporations: the food trade 1932–1948

The world depression meant a clear economic break for the food retail trade even though the dramatic turnover losses were caused mainly by the strong price decline. The turnover decreased nominally by 35,4% from 1929 till 1933, substantially 'only' by 15,7%. More important was the fact that more and more economic competition was affected by political decisions. The transition to the presidential regime since 1930, the growing significance of the small middle-class parties and the watchwords of the National Socialists orientated by the specialized trade formed the background of a renewed departure from market economic policy, which began in 1930 with a new special tax legislation for large-scale enterprises. The 'take-over' of the coalition of National Socialists and right-wing bourgeoisie in 1933 did not change this policy structurally, but radicalized it clearly.

Table 7: Sales of food of different forms of trade in Germany 1932–1936 (1932 = 100)

Year	Groceries	General Stores	Department Stores	Consumer Coop.	Multiple Shops
1932	100	100	100	100	100
1933	96,8	98,5	77,8	65,6	86,5
1934	104,6	109,1	70,2	60	80,6
1935	113,6	120	64,4	60	84,7
1936	124,7	134,5	58,2	47,8	84,3

Sources: Calc. from Handel (1934), p. 52, (1935/36), p. 77, (1936/37), pp. 66, 176; Hasselmann (1971), p. 496. 1936 only January-July.

In 1932 an installation prohibition for one-price stores was introduced and extended to all retail trade firms in 1933. The special tax for large-scale enterprises was doubled, clearance sales drastically confined, the granting of discounts through large-scale, especially the consumer, co-operatives, was restrained decisively. The latter were organisationally destroyed and National Socialists took over the leading positions. In 1934 all retail trade enterprises had a general licence liability, the taxes for large-scale businesses were raised again, the sale of vending machines through large-scale firms was prohibited. Jewish owners of department stores were expropriated in exchange for an insufficient indemnification, as happened also to many medium-sized enterprises. The consumer co-operatives received the heaviest blow. They had already had big solvency problems during the world depression because many members had split up their savings accounts and their own food production caused great losses. In 1933 they were exposed to many encroachments and arbitrary apprehensions, and it was considered 'un-german' to buy there. In 1935 the closing down of 82 big co-operatives was decided by law. 40% of the turnover was privatized and transferred to holding companies respectively. In 1941 the NS-State closed the remaining co-operatives. The consequences of this 'competition alleviation'[16] were striking: At the beginning of the Second World War the new forms of trade lay below the turnover share they had had in 1913 (Table 7).

On the other hand it is out of the question that the NS-State decidedly pursued a middle-class orientated economic policy. It was rather the aim of the government to establish a broad and decentralized network of independent and viable single shops. While the smallest businesses were to drop out of the controlled market situation in the long run, the remaining shops were expected to accept fundamental rationalisation efforts. Therefore a trade group 'foodstuffs and luxury foods' was founded in 1935 as a compulsory organisation, which together with the 'Deutsche Arbeitsfront' and the 'Reichsnährstand' formed a corporate network for the realisation of the desired efficiency augmentation. The technical aims were thoroughly combined with political aspects, though. Only a rationalised distributional system seemed to 1. make the continuous basic supply possible which was needed for the acceptance of the Regime, 2. make the switch of the foodstuff production conveyable to the consumer and 3. guarantee a trade structure which was close to the consumer and helped in case of a possible expansion of war. To secure a fixed profit various reciprocal trade agreements were made between industry, agriculture and trade. Thereby production, wholesale and retail trade were confined, but firm profit margins granted, which were strengthened by corporately fixed maximum and minimum prices. These measures altogether improved the economic situation of the food trade from 1935, even if the general economic development was surely more significant in this respect. Important basic index numbers rose continually and remarkably. The stock turnover rapidity doubled from 1935 till 1942, the average turnover per employee rose despite the price stop in 1936, substantially by a third.[17] The profitability of the shops improved clearly, and medium-sized firms had the highest profits (Table 8).

Table 8: Profits in the groceries retail trade in Germany 1932 and 1937 (% of turnover)

Turnover (RM)	1932		1935		1937	
	at rent	own premises	at rent	own premises	at rent	own premises
till 5000	–	–	8,8	10,7	11,6	13,6
5,000–20,000	7,0	8,5	8,1	9,6	8,9	10,1
20,000–50,000	4,3	5,5	6,7	7,7	7,5	8,4
50,000–100,000	3,2	4,1	5,5	6,1	6,2	6,9
100,000–500,000	1,3	2,1	4,6	5,2	5,1	5,9
500,000–1 Mil.	1,6	1,6	3,6	4,0	4,6	5,2

Sources: *Betriebsstruktur* (1935), pp. 16–17; Umsatz (1937), p. 442; *Betriebsstruktur* (1940), pp. 44–45.

The growing significance of medium-sized firms is also illustrated by the fact that despite the decreasing importance of large-scale enterprises the average number of employees per firm rose by 8,1% till 1939, while the number of businesses decreased by 3,4% despite a distinct population growth. Consolidation was only achieved at the price of increased efficiency. This general development should not obscure the fact that from the middle of the 1930s various supply problems especially of meat, fat and luxury food arose, to which the customary grey and black markets of that time bear witness. The renunciation of the freedom of trade led to an early economy of shades, which is often incorrectly confined by collective remembrance to the time after the Second World War.

The assortment of the food trade grew broader, but lost depth. More and more local products were sold as well as substitutes and surrogates. Because of the high costs packaging was less frequent and loose products became more important.[18] The reciprocal trade contracts provoked clear progress in the field of formation of types and sorts. The shops' phenotype was all the longer more determined by topic- and product-related common advertisements. The shop-windows of the retail trade were a part of the propaganda machinery of the NS-State's strategic direction of consumption. Internal rationalisation, protection of power and preparation of war were combined again. At the same time there was only little progress in the organisation of the retail trade. The strict orientation by the supply chain production-wholesale trade-retail trade restrained the growth of the retailer-purchase co-operatives. And the efforts of some wholesale firms to concentrate the purchase by means of purchase or voluntary groups, where the retailers did not have to give up their independence, were not very successful.

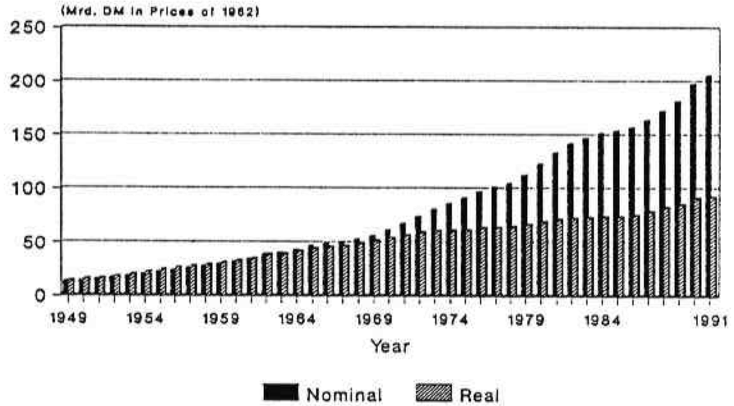
During the war, by which the food trade profited until 1942, the significance of medium-sized shops increased again, and the situation was similar to the First World War. The disintegration did not begin on a large scale until 1944, but was more far-reaching than in 1918.

Permanent rationalisation in distribution and sale: food retail trade in the Federal Republic of Germany 1949–1991

The situation after the Second World War was similar to that after 1923. After the lapse of various restrictions on freedom of trade from 1948 onwards the sales expanded. From 1949–1991 they rose nominally by more than 15 times, substantially by 6,5 times. At the same time the food sector's relative share of the whole retail trade turnover decreased from 46,8% in 1949 to 35,7% to 27,5% in 1991 (Fig. 3).

The firm figures developed in a different way. While from 1948 till 1952 the number of food stores clearly rose, it then stagnated and continually decreased since the end of the 1950s. Due to the turnover tax statistics, which cannot be compared and had been newly filed in 1962, we cannot

Fig. 3: Sales of Federal German Food Retail Trade 1949-1991



Sources: Calc. f. Seyffert (1972), 253; *SB*, (1988), 33; *Arbeitsbericht* (1991); Disch (1966), 50; *Jahrbuch* (1952), 230.

Fig. 4: Food Retail Trade Firms in the Federal Republic of Germany 1950-1988

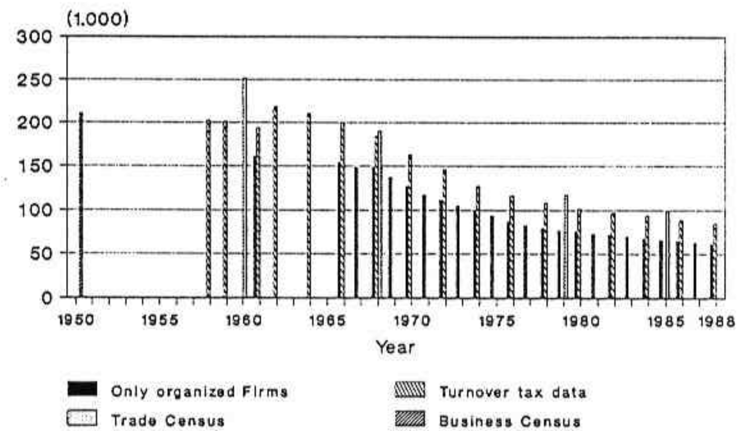
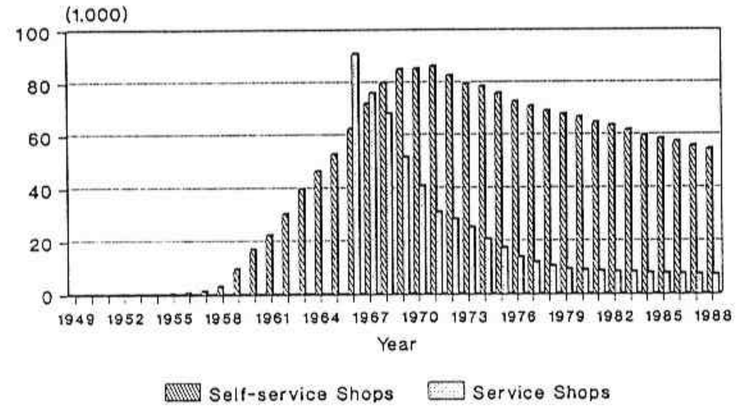


Fig. 5: Self-service Shops in the Food Retail Trade of the FRG 1949-1988



Sources: Schulz-Klingauf (1960), p. 328 (corrected data); *SB*, 1988, p. 39 (without Aldi, unorg. a. special. firms).

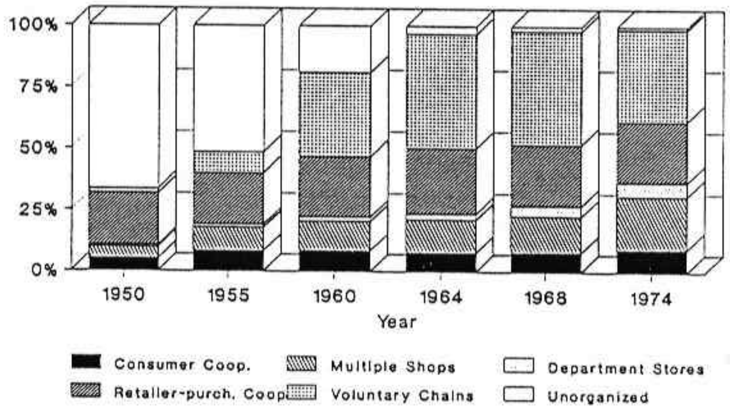
illustrate the change in the 1950s precisely. But it is certain that the decisive decrease happened in the 1960s and the early 1970s, and the number of shops halved between 1962 and 1976 (Fig. 4).

What drove the development were once again the new forms of trade, especially the multiple shop trading and the partly indemnified consumer co-operatives. They were more dependent on the quickly rising labour costs than the medium-sized firms and translated the manifold stimulations from abroad into distribution and sale. Relying on the ability to package products centrally they became the actual pioneers of self-service from 1948, while its general breakthrough was not before 1957 (Fig. 5). As the acceptance of these shops was small from first, the consumer co-operatives also built up a network of Tempo-shops.

The keeping down of costs could best be achieved through higher turnovers, therefore the new forms of trade started an aggressive price and advertising policy. Furthermore they clearly increased the share of own trade marks that did not have fixed prices and extended the assortment by fresh products, then frozen foods. Especially fruits, vegetables and meat were freely calculable articles which served as price-political 'drawing cards'.[19] Thereby they increased their turnover share clearly, but could not regain the level of 1932 before the middle of the 1960s (Fig. 6).

There were two reasons for this: on the one hand the consumer co-operatives did not manage to reach their pre-war level, although they were

Fig. 6: Salesquota in the Food Retail Trade of the FRG 1950-1974



Sources: Batzer (1965), p. 37; Batzer a.o. (1971), p. 119; *SB* (1975), p. 20.

surely the most innovative form of trade after 1945. The co-operative and discount law in 1954 did not only allow sale to non-members, but confirmed essential elements of the National Socialists' legislation. The reimbursement was confined to 3%, and savings bank functions were not to be practised anymore. Thereby the self-financing of the co-operatives at the moment of comprehensive construction of new larger shops was decisively restrained. Because of the rationalisation of sale activities personal relations with the members broke down. They lacked modernity in the organisational structure and the unprofitable production enterprises enlarged the problems. In 1969 the consumer co-operatives linked together to the Coop-Group, which was changed into a stock corporation in 1974 and thereby actually put an end to the history of the consumer co-operatives.

On the other hand the reaction of the specialized trade was very different from what happened after 1923. Not only the retailer-purchase co-operatives, but also the other specialized dealers accepted – although with a delay – the challenge of the new forms of trade. The wholesale trade, which was hit by the expansion of the large-scale enterprises just as much, tended to form voluntary chains together with the retail traders to centralize purchase from the middle of the 1950s. The cooperation with the international groups like SPAR, VIVO, CENTRA, Végé, TIP, Ifa or A&O became decisive. The headquarters supported similar shop fronts and uniform advertisements,

introduced new trade marks and extended the assortments. On the Federal German market since the middle of the 1960s there were only trade groups left which kept their organisations competitive by permanent rationalisation. The strong decrease in the business figures was due to this group rationalisation: a widespread dying-off of single, unorganized shops did not happen in the Federal Republic of Germany, but the small shops rather fell through the grid of self-chosen standards of performance. The heavy price competition led to an increasing significance of the central authorities among voluntary chains and retailer-purchasing co-operatives, while the economic independence of the retailers disappeared quickly. The formation of voluntary groups led to a universalization of multiple shop trading as a dominant form of enterprise in the 1960s. The place of separation according to organisational and purchase structures was more and more taken over by assortment, salerooms, breadth, quality and depth of the supply. The Federal German market was basically saturated at the beginning of the 1960s. One no longer offered scarce commodities but superfluity. The naked price decided imperatively: since the end of the 1950s the discounters set standards for a cheap basic supply and formed the actual quintessence of the prevailing development. Only since the early 1970s can one recognize intensified trading-up endeavours, which aimed at higher profits through more valuable and more expensive products.

At this time the purchasing behaviour had already changed clearly. The cash payment finally succeeded up to the beginning of the 1970s, and the average purchase sums substantially doubled between 1957 and 1989. Packed and conserved products, strict closing-times and the renunciation of weekly labour payments led to an obvious trimming of the full utilization of the food retail trade, which varied according to month and weekday. This general change from customer to consumer led to a comprehensive commercialisation of the relationship of people, products and buyers, who freed themselves from personal elements. This was illustrated mainly by the changes inside the salerooms. Before the counter disappeared due to self-service, especially the new forms of enterprise changed their product presentation from the end of the 1940s. The place of the undiscerning product-hiding shelves and drawers was taken by open shelves. The counter was freed from dominating sets and advertising boards and led back to its serving function. Instead of wood the use of combinations of wood, metal and glass was increased from the beginning of the 1950s. The visual sale began before the self-service. Shop-windows and decorations allowed a look into the shop before it became usual from the end of the 1950s to make special offers prominent by labelling panes. Cash registers and refrigerators as usual equipment now forced their way into the trade, although they had already been used sporadically since the Weimar Republic. The switch to saleable packaging began already before the self-service, although the food industry only contributed decisively from the beginning of the 1960s.

Through self-service the consumer became active and took the place of the shop-assistants. Open shelves, shopping baskets and more and more refrigerators were placed all over the shop, the serving counter only remained as a cash register desk. Since 1957 the statistical floorspace of the average shop increased tenfold, and it trebled in toto. One said good-bye to even prices. The purchase of food seemed to become more self-determined, the assortment visible and tangible. At the same time the assortment was decisively extended. The 1950s and 1960s marked the general transition to a complete assortment, which comprised meat and meat products, fruit and vegetables, bread and baker's ware, dairy products and frozen foods. The specialized enterprises followed this trend or tried trading-up strategies by means of more profound and more valuable assortments. Since then the average structure of the assortment has stayed relatively uniform, only the growing share of convenience products is worth mentioning. The assortments gained in depth, the average number of articles in a supermarket rose from 1,383 in 1954 to 6,620 in 1991.

These changes did not only concern the consumer, but also the industry. The complete assortments supported the emancipation from single trade marks with excellent turnovers, and they were now joined by more and more own trade marks. In 1954 they constituted 9% of the turnover, in 1967 even 25%. Contrary to the branded articles they could be calculated freely and therefore represented the actual spear point in the price competition. At the same time the branded article industry was put under a price-political pressure, the trade groups' growing power of demand forced them to more and more comprehensive super conditions. Since the end of the 1960s there was a power difference in favour of the food trade.

But the history of rationalisation is not only a story of success. More and more the 'economisation of the distribution'[20] came to its own limits. The concentration on questions of assortment formation, the decoration of shops, the power of purchase and making one's mark in contrast to fellow competitors finally led to an education of the consumers to a price-consciousness that did not prevail in other segments of the trade. Services constituted a growing part of the private consumption, in which the food trade decreased relatively. As a consequence the stronger emphasis of shopping events was taken up on a large scale through consumer markets and shopping centres from the beginning of the 1970s. While the supply trade was increasingly marked by the functional discount principle, the larger shops counted on the so-called event-trade. 'Gourmet's Paradises' were created, which offered luxury products and exotic specialities at high prices. This also concerns profitable bio-products. Service and distribution functions were integrated, the offer of prefabricated and consumable products was intensified.

One has to wait and see whether this much-discussed polarisation of the trade will achieve an over-proportional growth. The significance of customer-close sale by means of mobile shops, which has increased since the

middle of the 1980s, makes other scenarios seem possible. The concentration on few consumption centres outside the residential areas raises great problems for the basic food supply especially of elderly people who are not mobile. Despite the event trade the satisfaction about the number of retail shops altogether decreases even among urban consumers. In view of the increasing problems of the individual traffic the trade perspectives will perforce connect themselves with an environmentally sensible and forward-looking policy. Modern consumers prefer products with suitable packaging, and deposit systems will get more importance in future. Trading-up strategies will only be successfull, if they consider ecological and hygienic problems caused by new products. If the German food retail trade wants to continue its unique upward trend of the last forty years sucessfully, it has to emphasize not only further economic rationalisation but must also create a new distribution strategy which is close to the life of the customers.

Notes

1 Batzer (1965), p. 41.
2 Hasse (1892), pp. 101–102; Hasse (1900).
3 Spiekermann (1993).
4 Spiekermann (1994), pp. 29–32.
5 Spiekermann (1994).
6 *Edeka* (1982),pp. 6–14.
7 Lebensmittel-Kleinhandel (1918).
8 Entwicklung (1924); Hasselmann (1971), pp. 706–709.
9 Hirsch (1928), p. 658.
10 *Einzelhandel* (1929), pp. 14–15; Mataja (1929), p. 1241.
11 Keiser/Benning (1933), pp. 141–142.
12 Benning/Nieschlag (1933), pp. 70–71.
13 Weigel (1927), pp. 399–402; Rompe (1933), pp. 400–402.
14 Weghmann (1938), p. 39.
15 Ibid., p. 5; Batzer (1965), p. 36.
16 Förderung (1935), p. 14 ('Milderung des Wettbewerbs').
17 Tiburtius (1949), pp. 26–27, 136.
18 An exception were the self-service shops founded by Eklöh in 1938.
19 Batzer a.o. (1971), pp 123–141.
20 Redwitz (1990), pp. 16–17 ('Ökonomisierung der Distribution').

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