

(a) Correctly showing in a clear and conspicuous manner each element of information required to be disclosed by Section 4(a) (2) of the Wool Products Labeling Act of 1939;

(b) Setting forth the common generic name of fibers in the required information on labels, tags or other means of identification attached to wool products.

It is further ordered, That respondent Spinnerin Yarn Co., Inc., a corporation, and its officers, and respondent's representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from furnishing a false guaranty that any wool product is not falsely or deceptively stamped, tagged, labeled, or otherwise identified when respondent has reason to believe that such wool product may be introduced, sold, transported or distributed in commerce.

It is further ordered, That respondent Spinnerin Yarn Co., Inc., a corporation, and its officers, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of yarn or any other textile products in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from misrepresenting the character or amount of constituent fibers contained in yarn or any other textile products on invoices or shipping memoranda applicable thereto or in any other manner.

It is further ordered, That the respondent herein shall within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this order.

IN THE MATTER OF

NATIONAL TEA CO.

ORDER, OPINIONS, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION ACT AND SEC. 7 OF THE CLAYTON ACT

Docket 7453. Complaint, March 26, 1959—Decision, March 4, 1966

The Commission, having set aside the initial decision of its hearing examiner, makes new findings of fact and conclusions of law on the record, and or-

Complaint

ders the National Tea Co., the Nation's fifth largest retail food chain, not to acquire any stock or assets of any retail food store for a period of 10 years without prior Commission approval.

COMPLAINT

The Federal Trade Commission, having reason to believe that the party respondent named in the caption hereof and hereinafter more particularly designated and described, has violated and is now violating the provisions of Section 5 of the Federal Trade Commission Act (U.S.C., Title 15, Section 45), and Section 7 of the Clayton Act (U.S.C., Title 15, Section 18), as amended and approved December 29, 1950, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, National Tea Co. (hereinafter referred to as respondent), is a corporation organized in 1902 under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 1000 N. Crosby Street, Chicago 10, Illinois.

PAR. 2. Respondent is controlled by Loblaw Groceterias Co., Limited, Loblaw Companies, Limited, and George Weston, Limited, all of which are Canadian corporations.

PAR. 3. Respondent is engaged in the business of operating a chain of approximately 883 retail food stores in 16 States of the United States and sells a wide variety of merchandise, including a substantial number of items manufactured, processed and packaged under trademarks or brands owned or controlled by the respondent. Respondent operates its own bread and cake bakeries in Chicago, Illinois, Hopkins, Minnesota, Milwaukee, Wisconsin, Detroit, Michigan, and Denver, Colorado. In addition, the respondent manufactures or processes coffee, peanut butter, salad oils, preserves, extracts and soft drinks. Meat packing plants are operated by respondent at Fergus Falls, Minnesota, Denver, Colorado, and Port Huron, Michigan. Respondent is engaged in commerce, as "commerce" is defined in the Clayton Act and the Federal Trade Commission Act.

PAR. 4. The three Canadian corporations referred to in Paragraph Two hereof also control or own outright many corporations and concerns engaged in the manufacture, processing, sale and distribution of merchandise in the United States, and a substantial volume of such merchandise is sold through respondent's stores.

Certain members of the board of directors of the respondent and the Canadian corporations heretofore mentioned also own or control an interest in corporations or businesses other than the respondent, and some of these corporations and businesses sell a substantial volume of merchandise to the respondent for sale through the respondent's retail outlets.

PAR. 5. Respondent is one of the largest retail food chains in the United States and, as of July 23, 1957, ranked fifth in total sales volume among the food chains of this country. Respondent's net sales increased from approximately 270 million dollars in 1948 to 681 million dollars in 1957, an increase of approximately 411 million dollars, or over 250 percent.

PAR. 6. The food industry is the largest segment of the American economy. According to the 1954 Census of Business, there were 385,000 food stores of all types in the United States. As of 1954, 6,334 grocery stores had individual sales of one million dollars or more, and 16,466 stores reported sales figures ranging from \$300,000 to one million dollars each.

Concentration of grocery store sales in large corporate chains has been intensified in the United States through sustained programs of corporate acquisitions. Twenty percent of the grocery stores in the United States accounts for over seventy-two percent of the total grocery store sales in the country. From 1954 to 1957 some thirty-six corporations absorbed eighty-eight grocery chains and thereby acquired during this period over one and a half billion dollars in total sales.

PAR. 7. Beginning in 1921, the respondent initiated a policy of expansion by acquiring a large number of food retailers and other concerns engaged in the manufacture, processing and distribution of food products.

As a result of its policy of expansion by acquisition, the respondent has purchased, in selected localities, more than 1,300 retail grocery stores, numerous warehouse facilities, packing and processing plants, as well as other interests.

All of the acquired corporations, prior to and at the time of the acquisitions, were engaged in commerce, as "commerce" is defined in the Clayton Act and the Federal Trade Commission Act. Respondent's acquisitions include, among others, all or part of the stock or assets of the following corporations:

1952

C. F. Smith Company, Detroit, Michigan, including 211 stores.
Northwest Piggly-Wiggly Co., Duluth, Minnesota, including 6 stores.

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George T. Smith's Market Baskets, Inc., Lansing, Michigan, including 6 stores.

Dole Super Markets, Inc., Battle Creek, Michigan, and Kalamazoo, Michigan, including 6 stores.

1953

Food Center Stores, St. Louis, Missouri, including 28 stores.

1954

Capitol Stores, Inc., Baton Rouge, Louisiana, including 28 stores.

1955

H. A. Smith Markets, Inc., Detroit, Michigan, including 9 supermarkets and a meat packing plant.

1957

Miller Supermarkets, Inc., Denver, Colorado, including 27 supermarkets.
Tolerton & Warfield Co., Sioux City, Iowa, including 85 stores.

Logan's Super Markets, Inc., Nashville, Tennessee, including 9 stores.

DeVan Horner, Inc., Mobile, Alabama, including 7 stores.

1958

Illinois Valley Stores Co., Peoria, Illinois, including 7 stores.

Del Farm Stores, Chicago, Illinois, including 12 stores.

PAR. 8. The effect of the aforesaid acquisitions by the respondent, individually and collectively, through increased concentration and otherwise, may be substantially to lessen competition or to tend to create a monopoly in the processing, manufacturing, purchasing and distributing of products sold in grocery stores and in the sale of merchandise in retail grocery stores within the meaning of Section 7 of the Clayton Act.

PAR. 9. The foregoing acquisitions alleged and set forth in Paragraph Seven hereof constitute a violation of Section 7 of the Clayton Act (U.S.C., Title 15, Section 18), as amended and approved December 29, 1950.

PAR. 10. The acquisitions hereinbefore described tending substantially to lessen competition or to create monopoly are to the prejudice and injury of the public and constitute an unfair method of competition and unfair acts and practices in commerce within the intent and meaning of Section 5 of the Federal Trade Commission Act.

PAR. 11. The foregoing acquisitions, acts and practices, as hereinbefore alleged and set forth, constitute a violation of Section 5 of the Federal Trade Commission Act (U.S.C., Title 15, Section 45).

Mr. John T. Walker supporting the complaint.

Kirkland, Ellis, Hodson, Chaffetz & Masters by *Mr. Hammond E. Chaffetz, Mr. William R. Jentes, Mr. William J. Lederer* and

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Mr. Karl F. Nygren, Chicago, Ill., and *Mr. Frederick M. Rowe*, Washington, D.C., for respondent.

INITIAL DECISION BY EARL J. KOLB, HEARING EXAMINER

APRIL 5, 1963

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This proceeding is based upon a complaint charging the respondent, National Tea Co., a corporation, with violation of Section 5 of the Federal Trade Commission Act and Section 7 of the Clayton Act, as amended and approved December 29, 1950, by reason

of certain acquisitions made by respondent subsequent to December 29, 1950.

This proceeding is now before the undersigned hearing examiner for final consideration on the complaint, answer thereto, testimony and other evidence and proposed findings as to the facts and conclusions, together with briefs and reply briefs presented by counsel. The hearing examiner has given consideration to the proposed findings submitted by both parties and briefs in support thereof, and all findings, conclusions of law proposed by the parties respectively, not hereinafter specifically found or concluded are herewith rejected, and the hearing examiner having considered the record herein and being duly advised in the premises, makes the following findings of fact and conclusions drawn therefrom and order.

I

NATIONAL TEA CO.

1. Respondent, National Tea Co., is a corporation organized in 1902, under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 1000 North Crosby Street, Chicago 10, Illinois.

2. Respondent is engaged in operating a chain of retail, self-service, cash and carry, food stores dealing in groceries, fresh fruits, vegetables, bakery and dairy products, frozen foods, meats, poultry, fish and other items. Generally the products that respondent sold included nationally and locally known and distributed merchandise, as well as items manufactured, processed or packaged and sold under trade names or brands owned or controlled by the respondent.¹

3. In 1955, Loblaw Groceterias Co., Limited, a Canadian corporation and subsidiary of George Weston, Ltd. of Canada, purchased a substantial portion of the common stock of National Tea Co., and as of June 1, 1957, said Loblaw Groceterias Co., Limited, owned 724,857 shares of the common stock of National Tea Co., amounting to 34.17% of the common stock of National Tea Co. The officers and directors of National Tea Co., owned 1.77% of said common stock and the remaining 64.6% was distributed

¹ Prospectus dated June 18, 1951, shows that private brand merchandise amounted to approximately 10% of total business (CX 38, p. 4). Prospectus dated November 14, 1955, shows private brand merchandise accounted for 20% of total business (CX 39, p. 5). H. V. McNamara testifying on September 8, 1960, in this proceeding stated that for the past 15 years National Tea has been known for its policy of stocking nationally known brands. (Tr. 787.)

among nearly 6,000 stockholders. Loblaw Groceterias Co., Limited, in addition to operating a number of food stores in Canada, also controlled a New York corporation, Loblaw, Inc., which operated over 180 food stores in western New York, Pennsylvania, Ohio, and West Virginia, with annual sales of over \$240,000,000 in 1957. In June 1962, National Tea Co., acquired 115 supermarkets with annual sales of \$115,000,000, which had been operated by Loblaw, Inc., in the Youngstown and Pittsburgh areas. The purchase price of \$23,000,000 was payable by delivery of 1,362,963 shares of National Tea common stock. This transaction increased ownership of the Canadian Loblaw organization in National Tea Co., from approximately 35% to 45%.²

4. At the time of the issuance of the complaint, on March 26, 1959, respondent operated a chain of approximately 932 retail food stores in 18 states, located in the Middle West, West and lower Mississippi Valley. As of January 3, 1959, respondent ranked fifth in sales volume among the food chains of the country. Respondent's gross sales for the 53 weeks ending January 3, 1959, was \$794,162,135.³ The operations of the respondent have been decentralized and are handled through twelve separate territorial branches, each of which is under a branch manager who reports directly to the president and each of which is a substantially complete and integrated unit with its own warehouse facilities to serve the stores under its jurisdiction. The headquarters of such territorial branches are located in Chicago, Minneapolis, Milwaukee, Indianapolis, Detroit, Kalamazoo, St. Louis, New Orleans, Memphis, Davenport, Denver and Sioux City, Iowa. As of January 3, 1959, the 932 stores operated by respondent were distributed among the territorial branches and located in the various states as follows:

² CX 681.

³ CX 43 A, p. 7.

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Location of Stores and Warehouses as of January 3, 1959⁴

States	Chicago	Minneapolis	Milwaukee	Indianapolis	Detroit	Kalamazoo	St. Louis	New Orleans	Memphis	Davenport	Denver	Sioux City	Tot.
Alabama								7	1				8
Arkansas									3				3
Colorado	230						17			26	31		31
Illinois				71		11							273
Indiana	15									16		34	97
Iowa													50
Louisiana								41					41
Michigan		1	3		72	28							104
Minnesota		120										5	125
Mississippi								7	3				10
Missouri							37		1				38
Nebraska												21	21
N. Dakota													10
Ohio		10			4								4
S. Dakota		1										15	16
Tennessee									24				24
Wisconsin		11	64										75
Wyoming											2		2
Total	245	143	67	71	76	39	54	55	32	42	33	75	932

⁴ CX 43(A).

5. At the time the complaint was issued, respondent operated its own bread and cake bakeries in Chicago, Illinois; Hopkins, Minnesota; Milwaukee, Wisconsin; Detroit, Michigan and Denver, Colorado. In addition, respondent manufactured or processed coffee, peanut butter, salad dressing, preserves, extracts and soft drinks. Meat packing plants were operated by respondent at Fergus Falls, Minnesota; Denver, Colorado and Port Huron, Michigan.⁵

6. Respondent is now and at all times mentioned herein has been engaged in commerce as "commerce" is defined in the Clayton Act and the Federal Trade Commission Act.⁶

7. For a number of years both prior to December 1950 and subsequent thereto, respondent has followed a policy of expansion involving in part, acquisition of various existing chain stores. As part of its policy of expansion, it was the plan of the respondent to expand out into new territories by first acquiring a chain store in such territory. When such chain was so acquired, the respondent would close those stores of the chain which were unprofitable and relocate, expand or improve the other stores. This policy was clearly expressed in respondent's report to shareholders for 1957, in which the following statement appears:

The year of 1957 has been another year of expansion as your company moved into the states of Colorado, Nebraska, and Wyoming and strengthened its position in other states. Major acquisitions added chains in Denver, Colorado; Sioux City, Iowa; Nashville, Tennessee; Mobile, Alabama, and (in January 1958) Peoria, Illinois to the ever-increasing territory of "National Land". This expansion, which occurred largely in the last half of 1957, together with normal growth from new and relocated stores, is being reflected currently in sharply increased sales (up to 23.49% in the first period of 1958 over the previous year) and in greater profits. The improvement in earnings is not experienced so quickly as the increase in sales, because there are many expenses of setting the new acquisitions into operation which first must be absorbed. Nevertheless the profits for 1957 were up a satisfying 15% over 1956, whereas the sales for the year increased 10%. It is expected that the full effect of the expansion will be realized in 1958.⁷

8. H. V. McNamara joined National Tea Co., in 1945 and was made president in 1947. At that time National Tea stores were small neighborhood stores with very few supermarkets, and many stores without meat departments. He began operations by selling out the smaller stores or closing them and began expan-

⁵ CX 43 A, p. 8.

⁶ Tr. 559-560, 1223-1224.

⁷ CX 8, p. 2.

sion by opening new stores in areas where there were none and where it was felt that the type of store would be supported.⁸

9. A summary of the number of stores operated at the close of each year and total sales of respondent for the years 1945 through 1959 is as follows:

YEAR	SALES	NUMBER OF STORES
1959	\$829,518,000	910
1958	794,162,000	932
1957	681,132,000	883
1956	617,636,000	761
1955	575,585,000	744
1954	520,300,000	711
1953	462,281,000	688
1952	405,220,000	765
1951	361,321,000	624
1950	315,218,000	634
1949	274,332,000	655
1948	270,176,000	659
1947	217,915,000	702
1946	157,641,000	693
1945	106,868,000	749 ⁹

II

RELEVANT LINES OF COMMERCE

10. The parties agreed that the following are the lines of commerce involved in this proceeding:

(a) Groceries and related products, as a class, sold in food stores as defined by census;

(b) Groceries and related products, as a class, sold in grocery stores as defined by census;

(c) Fluid milk and cream as a class, sold in food and grocery stores;

(d) Frozen desserts as a class, sold in food and grocery stores;

(e) Fresh fruits or vegetables as a class, sold in food and grocery stores.

11. Food stores, as defined in Census Standard Industrial Classification, are establishments primarily selling food for home consumption and preparation. Grocery stores are a subclassification of food stores. The remaining lines of commerce, fluid milk and cream, frozen desserts and fresh fruits and vegetables are all sold in food and grocery stores. Consequently, it is the opinion of the hearing examiner that for the purposes of this proceeding, it is

⁸ Tr. 685-689.

⁹ CX 8, CX 43 B.

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not necessary to define the lines of commerce down to the product classification, as suggested. Instead, the line of commerce involved in this proceeding can be considered as groceries and related products normally sold by food and grocery stores.

III

RELEVANT GEOGRAPHIC MARKET

12. The relevant geographic market coincides with the area of effective competition in this proceeding. The relevant geographic market is local in nature, but not limited to the extent proposed by respondent to the immediate neighborhood surrounding each store. In determining the effect of the mergers upon competition, it must be recognized as shown in this record, that the chain stores as a rule have a number of locations in the metropolitan area, and consequently the chain as a whole competes with all grocery and food stores within the metropolitan area, and the area of effective competition should not be limited to the immediate neighborhood surrounding each store. As testified to in this record, the respondent generally used newspaper advertising. This advertising was not purchased on a store by store basis, but covered all the stores in the particular area.

IV

ACQUISITIONS SINCE DECEMBER 29, 1950

13. The corporate acquisitions of respondent occurring subsequent to December 29, 1950, and which are challenged in this proceeding are as follows:

1. Gamble-Skogmo, Inc.	Minneapolis, Minn.	1/1/51
2. C. F. Smith Company	Detroit, Mich.	4/19/52
3. Piggly-Wiggly	Duluth, Minn.	4/24/52
4. George T. Smith Market Baskets	Lansing, Mich.	7/23/52
5. Dole Super Markets, Inc.	Detroit, Mich.	7/30/52
6. Food Center Stores of Missouri	St. Louis, Mo.	5/15/53
7. Capitol Stores, Inc.	Baton Rouge, La.	2/1/54
8. H. A. Smith Markets, Inc.	Port Huron, Mich.	9/21/55
9. Fred Montesi, et al.	Memphis, Tenn.	10/11/55
10a. Maker's of Marshall, Inc.	Marshall, Mich.	4/21/56
10b. Maker's of Albion	Albion, Mich.	4/21/56
10c. Tom Maker, Inc.	Charlotte, Mich.	4/21/56
11. Edenton-Lamb Company, Inc.	Jackson, Tenn.	5/14/56

<i>Name of Acquired Company</i>	<i>Headquarters (City & State)</i>	<i>Effective Date of Acquisition</i>
12. Miller's Super Markets, Inc.	Denver, Colo.	5/15/57
13. Tolerton & Warfield, Corp.	Sioux City, Iowa	7/22/57
14. Logan's Inc.	Nashville, Tenn.	10/6/57
15. De Van-Horner, Inc.	Mobile, Ala.	10/6/57
16. Illinois Valley Stores Co.	Peoria, Ill.	1/11/58
17. Del Farm Foods, Inc.	Chicago, Ill.	3/14/58
18. Kalamazoo Market Baskets Inc.	Kalamazoo, Mich.	9/2/58 ¹⁰

14. The corporate acquisitions hereinbefore listed have been separated into two classifications: Horizontal acquisitions in market areas where National Tea was already operating retail stores, and market extension acquisitions where expansion is being made into new market areas where National Tea did not operate stores. Tabulations have been prepared showing information on each of the acquired companies and market share information available. These tabulations have been divided into Table I, Horizontal Acquisitions and Table II, Market Extension Acquisitions as follows:

¹⁰ Respondent's Proposed Finding No. 2.

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CORPORATE "HORIZONTAL" ACQUISITIONS BY NATIONAL TEA

Date of acquisition	Acquired company name and headquarters	Acquired company			Communities in which respondent was already operating		National Tea Sales and percentage of food stores sales ⁶					
		Sales ² (\$1000)	Market area		States	Town	Sales (\$1,000)		Percentage			
			States ³	Counties ⁴			Stores ⁵	1954	1958	1954	1958	
1-1-51	Gamble-Skogmo, Inc. Minneapolis, Minn.	\$6,763	Minn. 8 S.D. 4 N.D. 2 Wis. 2 <u>4</u>	13 4 2 2 <u>21</u>	Minneapolis Grand Rapids Inter. Falls St. Cloud Long Prairie Hibbing Grafton Aberdeen Watertown Duluth	Minn. Minn. Minn. Minn. Minn. Minn. N.D. S.D. S.D. Minn.	\$30,099 1,210 1,270 — — — — 378 1,434 632 5,674	\$19,044 944 1,703 — — — — 289 1,037 896 5,238	13.3 — — — — — — — — 17.0	10.5 — — — — — — — — 13.4	19.2 31.8 41.5 — — — — 22.3 21.3 16.4 17.9	18.1 17.3 64.1 — — — — 11.7 12.9 15.3 15.3
4-24-52	Piggly-Wiggly Northwest, Duluth, Minn.	3,651	Minn. 1	6			9,434	14,925	2.8	3.9	1.7	2.8
9-21-55	H. A. Smith Markets, Inc. Port Huron, Mich.	6,625	Mich. 3	9	Detroit	Mich.	1,471	1,220	—	—	12.4	8.5
7-22-57	Tolerton & Warfield Corp. Sioux City, Iowa	21,802	Iowa 21 Minn. 3 Neb. 17 S.D. 11 <u>4</u>	39 4 28 14	Mount Clements Worthington Watertown Brookings	Minn. S.D. S.D.	342 631 527	583 896 804	— — —	— — —	8.1 16.5 16.4 23.1	16.5 15.3 29.4
3-14-58	Del Farm Foods, Inc. Chicago, Ill.	18,378	Ill. 1	12	Chicago	Ill.	165,913	234,047	10.7	12.3	9.6	11.1
9-2-58	Kalamazoo Market Baskets, Inc. Kalamazoo, Mich.	2,158	Mich. 1	4	Kalamazoo	Mich.	1,678	3,791	4.8	7.1	7.2	9.9

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- ¹ Horizontal acquisitions are so designated to indicate acquisitions which involved the purchases of one or more stores in the same general community where respondent was already operating retail stores.
- ² Sales for 12 months or fiscal year ended prior to acquisition of acquired stores.
- ³ States in which acquired stores were located.
- ⁴ Number of counties in which acquired stores were located.
- ⁵ Number of acquired stores located in each state.
- ⁶ National Tea's Sales in certain Corporate Cities and its percentage of Food Store Sales in certain Standard Metropolitan Statistical Areas and Comparable Corporate cities in 1964 and 1968.
- Source: CX 69, CX 70, CX 88, CX 95, CX 173, CX 215, CX 260, CX 395, CX 399, CX 455-Z-49-50, CX 479, CX 537-B, CX 454.

CORPORATE ACQUISITIONS BY NATIONAL TEA CO.

in communities where it was not operating retail stores at date of acquisition

Date of acquisition	Acquired company name and headquarters	Acquired company						National Tea sales and percentage of food store sales ¹					
		Market area			Cities ⁴	Stores	Warehouses or other ⁵	Sales (\$1,000)		Metropolitan Area		Corporate City	
		States ²	Counties ³	1954				1958	1954	1958	1954	1958	
4/19/52	C. F. Smith Company, Detroit, Mich.	Mich.	4	Detroit &	210	Ware-house	\$27,792	44,383	2.8	3.9	1.7	2.8	
7/23/52	George T. Smith Market Baskets, Inc., Lansing, Mich.	Mich.	1	Environs Lansing	6	Ware-house	9,747	7,781	14.2	9.3	22.9	14.6	
7/30/52	Dole's Super Markets, Inc., Detroit, Mich.	Mich.	2	E. Lansing Battle Creek (4)	6	Bakery	—	—	—	—	—	—	
5/16/53	Food Center Stores of Missouri, St. Louis Mo.	Mo.	2	Kalamazoo (2)	25	Ware-house	1,678	3,791	4.8	7.1	7.2	9.9	
2/1/54	Capitol Stores, Inc., Baton Rouge, La.	La.	11	St. Louis St. Clair Co. Baton Rouge	10	Ware-house	33,421	47,385	6.5	7.7	8.1	7.4	
10/11/55	Fred Montesi, et al. Memphis, Tenn.	Tenn.	2	New Orleans Others Memphis	12	Ware-house	8,017	10,294	20.7	17.6	21.6	20.0	
		Miss.	2	Jackson Columbus, Miss.	1	Ware-house	4,916	13,842	3.2	5.4	4.2	4.5	
					6		—	8,325	—	5.3	—	5.8	

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Date	Acquirer	3,247 Mich.	3	States	Counties	Cities	Stores	Warehouses	Bakeries	Meat Plants	Initial Decision
4/21/56	Maker's (3 corporations) Marshall, Albion & Charlotte, Mich.			Mich.							
5/15/56	Edenton-Lamb Company, Inc., Jackson, Tenn.	633	1	Tenn.							
5/15/57	Miller's Super Markets, Inc., Denver, Colo.	42,499	5	Colo.							
10/6/57	Logan's Supermarkets, Inc., Nashville, Tenn.	3,798	1	Wyo.				41,057	16.5		21.4
10/6/57	DeVan-Horner, Inc. Mobile, Ala.	9,099	1	Tenn.							
1/11/58	Illinois Valley Stores, Inc., Peoria, Ill.	6,053	2	Ala.				3,781	3.1		4.0
				Ill.				5,666	7.7		7.5
								6,044	7.4		9.0

¹ Sales for 12 months prior to acquisition of acquired stores.
² States in which acquired stores were located.
³ Number of counties in which acquired stores were located.
⁴ Cities or communities in which acquired stores were located.
⁵ Number of acquired stores in which acquired stores were located.
⁶ Warehouses, Bakeries or Meat Packing Plants located in each City or community.
⁷ National Tea's sales in certain corporate cities and its percentage of food store sales in certain Standard Metropolitan Statistical Areas and comparable Corporate Cities in 1954 and 1958.
 Source: CX 67, CX 74, CX 97, CX 117, CX 119, CX 130, CX 132, CX 138, CX 151, CX 160, CX 168, CX 184, CX 188-A, CX 202, CX 238, CX 246, 455-J, CX 455-Z-49-50, CX 454.

Standard Metropolitan Statistical Areas and com-

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15. Between January 1, 1951 and September 14, 1958, respondent also acquired assets from the following listed partnerships or individual proprietorships, each of which acquisitions is challenged in this proceeding:

<i>Name of Acquired Company</i>	<i>Headquarters (City & State)</i>	<i>Effective Date of Acquisition</i>
Ashton's	Gulfport, Miss.	3/31/55
Barkett's Super Market	Charleston, Mo.	5/14/56
Food Banks Stores	Colorado Springs, Colo.	4/21/58
Guidon & Co. (d/b/a Arlington Market)	Indianapolis, Ind.	9/1/58
Slim's Sun Market	Fort Dodge, Iowa	9/14/58 ¹¹

16. At the time of the acquisition of the various companies by National Tea, as herein described, said acquired companies were in competition, in their local trading areas, with one or more national chain stores, local chain stores, supermarkets or retail food stores.

17. In substantially all acquisitions herein referred to, respondent obtained a signed covenant that the sellers would not engage in the retail grocery, food or meat business in the cities involved, for a period of five years.

18. Detailed description of the various companies acquired by the respondent is more fully set out as follows:

(A) *Gamble-Skogmo, Inc.*

19. On January 1, 1951, respondent acquired for a cash consideration of \$963,780 certain assets of Gamble-Skogmo, Inc., of Minneapolis, Minnesota, consisting of the fixtures, equipment, inventory and leases for 21 stores located in Minnesota, South Dakota, North Dakota and Wisconsin, which stores had sales of \$6,762,536 or an average of \$322,000 per store, for the 12 month period preceding their acquisition. Two of the stores were located in Minneapolis, and one in each of the 19 other communities in which Gamble-Skogmo operated. By 1959, National Tea had closed or relocated 15 of the Gamble stores while opening only eight stores in acquisition communities outside Minneapolis.¹²

20. The respondent was operating in nine of these communities prior to the acquisition of Gamble-Skogmo as follows: Minneapolis, Grand Rapids, International Falls, St. Cloud, Long Prairie

¹¹ Respondent's Proposed Finding No. 3, CX 455 J.

¹² Respondent's Proposed Finding No. 41.

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and Hibbing, Minnesota, Grafton, North Dakota, and Aberdeen and Watertown, South Dakota. The sales of the acquired stores and respondent's stores in each of these communities for the 12 months preceding the acquisition are shown in the following table:

City	Sales 12 months Prior to Acquisition	
	Acquired	National Tea
Minneapolis, Minn.	\$ 854,068	\$16,959,508
St. Cloud, Minn.	1,024,610	934,939
Grand Rapids, Minn.	271,568	986,864
Hibbing, Minn.	563,200	772,210
International Falls, Minn.	149,477	640,958
Long Prairie, Minn.	106,948	149,639
Grafton, N.D.	173,747	316,232
Aberdeen, S.D.	453,941	1,072,066
Watertown, S.D.	157,900	656,935 ¹³

21. The only other market share data of record for any of the above communities shows that in five of the six communities respondent's market share declined between 1954 and 1958. Respondent's sales and its percentage of food store sales in each of the six communities for which data of record is available for the years 1954 and 1958 were as follows:

National Tea Sales
and Percentage of Food Store Sales

City or Town	Sales (\$1000)		Percentage of Food Store Sales	
	1954	1958	1954	1958
Minneapolis, Minn.	\$30,099	\$19,044	19.2	13.1
Grand Rapids, Minn.	1,210	944	38.8	17.3
International Falls, Minn.	1,270	1,703	41.5	64.1
Grafton, N.D.	378	289	22.3	11.7
Aberdeen, S.D.	1,434	1,037	21.3	12.9
Watertown, S.D.	632	896	16.4	15.3 ¹⁴

22. The record indicates that the decision of Gamble-Skogmo to sell its grocery stores to the respondent was motivated by its desire to give up the food business in order to concentrate its capital, talents and facilities on that company's "more traditional lines," general merchandising.¹⁵

¹³ CX 399W-Z-2, 395-A.

¹⁴ CX 479.

¹⁵ CX 456 A—On May 1, 1953, the Commission commenced an investigation of five acquisitions made by respondent as follows: Gamble-Skogmo Inc., Piggly-Wiggly Northwest Inc., C. F. Smith Co., George T. Smith Market Baskets Inc., and Dole's Super Markets Inc.

