

Union's safety call

CALLS for stronger measures on food safety will be made at next month's Trades Union Congress conference in Blackpool.

Shopworkers' union USDAW will press manufacturers to introduce tamper-proof packaging for all food.

Foods like curry pastes and tomato paste were still vulnerable because they were packaged in screw-top jars without tamper-proof seals, said the union.

USDAW will be backed by the Institute of Professional Civil Servants, which condemns research cuts.

Isosceles relief as strategy is accepted

ISOSCELES can now concentrate on rolling out its planned strategy for Gateway following the resolution of its differences with Newgateway.

Under the agreement Wasserstein Perella and A&P, which make up Newgateway, will each nominate one non-executive director to the board.

These are likely to be Bob McKeon, Wasserstein Perella managing director, and either James Wood or Fred Carado from the A&P camp.

Newgateway takes up a 40

per cent stake in the Isosceles group, rather than in Gateway itself as before.

Isosceles director Elizabeth Hignell told *Super Marketing*: "We're exceedingly pleased that Newgateway has accepted Isosceles' strategy and we've now ended that dreadful deadlocked situation".

Miss Hignell admits Isosceles had a problem getting the Takeover Panel to accept its arrangement.

"But we persuaded them the existing situation wasn't good for the business, employers

and shareholders," she said.

The panel was known to be unhappy about Newgateway's U-turn since the consortium had publicly stated that it would never sell its stake or accept the validity of Isosceles' stub equity — the value of which eventually won Isosceles' battle for Gateway.

Miss Hignell said Newgateway's joint ownership would not create problems when the time came to distribute Gateway's profits because it would receive dividends benefitting major shareholders.

NEWS IN BRIEF

UNILEVER pre-tax profits jumped to £445 million on a turnover of £4.82 billion for the second quarter of 1989. Profits were up by nearly a fifth over the same period last year.

PROPOSALS for shopping centres fell by more than 15 million sq ft for the first quarter of 1989, says property firm Hillier Parker. Of 58 out-of-town regional schemes proposed in 1981, only 24 were still being considered or had been developed.

Supply deal for Cullen's

CULLEN'S has appointed Booker Wholesale Foods to distribute its ambient grocery products, as part of a complete overhaul of its supply network.

Booker will supply Cullen's managed and partnership stores, formerly serviced by Lorenzo Distribution, from its Maidstone depot.

Laurence Slater, managing director of Cullen's, said the move away from Lorenzo gave the company an opportunity to look at different methods of distribution.

It is to go back to direct delivery for certain lines, such as speciality biscuits and more "upmarket" products.

"Booker offered excellent profitability, professionalism, knowledge and purchasing power on general grocery

ranges", said Mr Slater.

"Cullen's has long been losing serious money. Part of our formula for turning things around is to get the best possible buying terms."

Booker is in negotiation with a number of other large multiple convenience store operations, to fill the gap left by Circle K's move to central distribution (*Super Marketing*, July 28).

"There are two benefits of the Circle K move," said Booker marketing director Brian Waterhouse.

"One is that it sharpens the mind — we have to make some important decisions.

"And secondly it gives us the opportunity to develop the business with more freedom."

CITY TALK



By Andrew Don

AUGUST may be holiday time but few have rested on their laurels during the last month in the food sector.

Several brokers have upgraded their profits forecasts to take into account rises in the cost of food.

Kleinwort Benson, for example, has upgraded its forecast for Tesco by £2.5 million and will probably raise this further still.

It has upgraded Sainsbury's by £5 million, and Argyll's by £9 million on the back of increased fresh food sales in the hot weather and previously unseen benefits of Presto conversions to Safeway.

Another £2 million has been added to Kwik Save, £500,000 to Nurdin & Peacock and £1 million to Budgens.

But £9 million has been knocked off Asda since the Isosceles purchase of Gateway, which will give Asda 62 Gateway superstores in a

subsidiary deal.

Rumours surrounding Asda continue, but analysts are cynical. They've heard it all before.

Some believe the hike in its share price shows the superstore group is catching up with the rest of the sector following a period of lagging behind.

Speculation that Dairy Farm is after Asda seems a bit far-fetched. Why should it want to divert attention from Kwik Save, in which it has a 25 per cent stake?

And I wish Asda chairman John Hardman and A&P president James Wood would stop insisting they're such good buddies and that a bid by A&P is out of the question.

Business is business and friends or not, if Asda's a good buy, surely the fact that John and Jim like each other is of little relevance.

It comes as no surprise that the deadlock between Newgateway and Isosceles is over.

Newgateway should count itself fortunate the Takeover Panel allowed it to renege on its so-called binding statement during the bid that it would not sell out.

Peter O'Gorman, development director of A&P — part of the Newgateway consortium — told me during

the conflict that Newgateway would not sell out under any circumstances.

A case of swallowed pride and great news for Gateway employees. But perhaps the Take Over Panel let Newgateway off the hook too lightly.

If overseas companies want to take over British firms, they should play by our rules.

The question now is, will A&P be content to keep a minority stake in Isosceles or will it seek to launch a bid for another major UK food retailer?

Several brokers have raised their forecasts for Iceland Frozen Foods. There is always talk of a freezer centre boom when there's a hot summer — although there have been only two of those in the last 13 years.

But although ice cream sales go through the roof, it really make little difference to the sale of frozen food overall.

Most fund managers have large sums of cash at the moment and they have been switching from other sectors into food retailing.

Food retailing is more secure, they say. They feel safer, ever mindful of Black Monday Mark 2. Food retailers are stronger on fundamentals, they reckon.

A lot of Gateway's money has been coming back into the

sector.

There is also talk at the moment that Marks & Spencer is interested in Budgens for its food-only stores which it wants to roll out.

The silly season? Perhaps. But think again. It's not as silly as it sounds. There are the similarity in store sizes and some pretty handy locations.

And since the Budgens/Wm Low break-up, M&S could get quite a bargain.

As predicted in this column last month (*Super Marketing*, July 28) SHV has raised its stake in Nurdin & Peacock. It now rests at 8.5 per cent, but expect it to rise further.

SHV has stated it does not intend to bid for N&P but I would not take that too seriously. People say all sorts of things they don't mean (no names mentioned).

If SHV does bid for N&P and win, expect the cash and carries to be converted to Makro and don't be surprised if Booker picks up some of the fall-out.

Alternatively, N&P and SHV could form a joint European venture — that's being mooted a fair bit.

Keep an eye on Cullen's. It's in negotiations to buy either a manufacturer or a distributor — but where is it getting the money from? Answers on a postcard....

'Sammy' Sampson: 'a true professional'

THE FOOD industry this week mourned Lennard "Sammy" Sampson, who died last week.

Mr Sampson, chairman of executive recruitment agency Sampson Phillips International, had a specialist knowledge of the grocery world built up from a succession of leading jobs ranging from chief executive of Premier Supermarkets to operations director of Barker & Dobson's Lewis Meeson division.

International contacts also gave him a valued expertise on the Hong Kong and South African markets.

Mace Marketing commercial director Mike Bowen, who had known Mr Sampson for nearly 25 years, said: "I'm unaware of

anyone who knew as many people as he did in the grocery trade. He was always somebody you could count on and I feel I've lost a friend."

Peter Fisher, Gateway corporate affairs director, said: "I've known 'Sammy' for many years, one of the industry's great characters. He was a true professional and he will be greatly missed."

A close friend for 35 years, Arthur Trotman, said: "His lifetime practice of viewing and talking only of the nice and good facets of his many friends and associates throughout the trade became his hallmark, for which he was universally respected."

Mr Sampson's funeral took place on Tuesday at Windsor.

LETTERS

Profit is the main aim

DOES *Super Marketing* have to be quite so defensive (Comment, August 4) about the techniques used by supermarkets to encourage people to buy?

We recognise that customers benefit from some of these techniques and, as we say: "Competition between shops on environment as well as price can only be a good thing for the consumer."

But the use of selling techniques is as old as the hills, and it does no harm in these increasingly sophisticated days to

inform our readers of those currently in use.

Super Marketing advises us to recognise how much the supermarket industry has done for consumers. Let's not be sentimental about this — supermarkets have profit, not philanthropy, as their main target; customer service coupled with the techniques we describe are ways of achieving that target.

VAL BETHELL
Head of press relations,
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SHARE UPDATE

by John Aczel

	Year high	Year low	Current price Pence	% Change Over week	% Change Since Jan '89
Retailers					
Argyll	246	164	244	+1.7	+40.2
Asda	212	130	200	-5.7	+52.7
Budgens	169	105	117	+0.9	+4.5
Gateway Corporation	241	157	241	+3.0	+51.6
Greggs	495	400	485	-1.0	+20.6
Iceland Frozen Foods	372	280	371	+1.9	+23.3
Kwik Save	551	374	546	+0.4	+46.0
Wm Low	328	238	328	+11.9	+37.8
Marks & Spencer	222	149	219	+2.3	+42.2
Wm Morrison	179	112	178	—	+57.5
Normans Group	70	52.5	62	-1.6	+15.9
Sainsbury's	287	198	287	+3.2	+44.2
T & S Stores	132	113	125	—	+6.8
Tesco	215	131.5	215	+3.9	+61.0
Manufacturers					
AB Foods	392	303	389	+1.3	+26.7
Cadbury Schweppes	495	328	410	+0.5	+21.3
Hillsdown Holdings	311	234	311	+2.6	+30.1
RHM	496	341	459	+1.3	+31.9
Unilever	655	462	649	+2.2	+39.6
United Biscuits	431	285.5	400	-2.8	+39.6

Dateline: August 21

New stock system to boost Tesco profits

TESCO'S improved stock-ordering system will help to push up its pre-tax profits by 17 per cent to an estimated £365 million in 1990, according to a report by leading City broker Panmure Gordon.

Information and distribution technology introduced over the past two years will minimise any out-of-stocks problems, it says.

Tesco would then have better stock control at both store and depot level.

However, the system could still be improved and the ultimate ideal of an EPOS link direct to suppliers was still far away.

Although Tesco chairman Sir Ian MacLaurin, speaking on Radio 4's *The Hot Seat*

programme, (*Super Marketing*, August 18) said the average store size would be around 110,000sq ft in the 1990s, the chain's ideal size is current between 40,000 and 50,000sq ft.

And that won't change in the short term because Tesco will concentrate on maximising the return on space by using previously unproductive areas like warehouses and back rooms, says Panmure Gordon.

Efficient new stores combined with an improved product mix would continue to lift gross margins.

But Tesco will have to pay price for its new store programme as debts will be around per cent this year and 35 per cent next, says the report.