

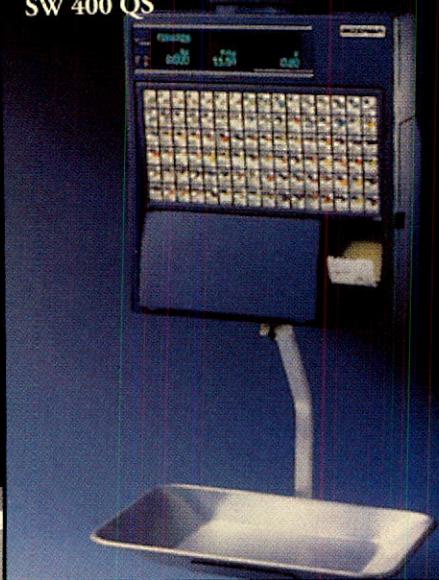
SW 500 SB



SW 100



SW 400 QS



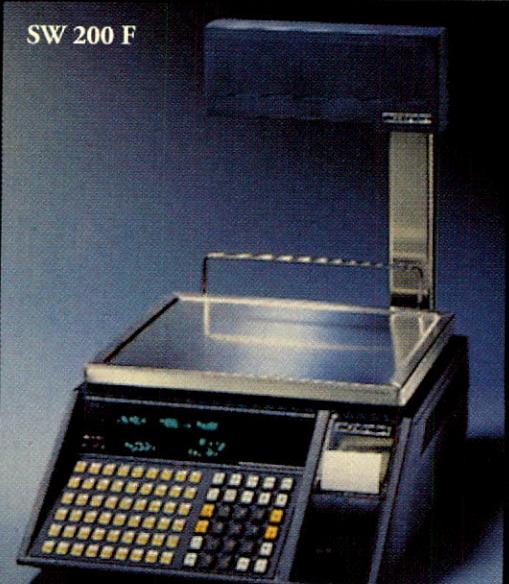
*Weigh to go Loblaws!
Congratulations
on 75 years of
outstanding success*

BIZERBA
Canada INC.

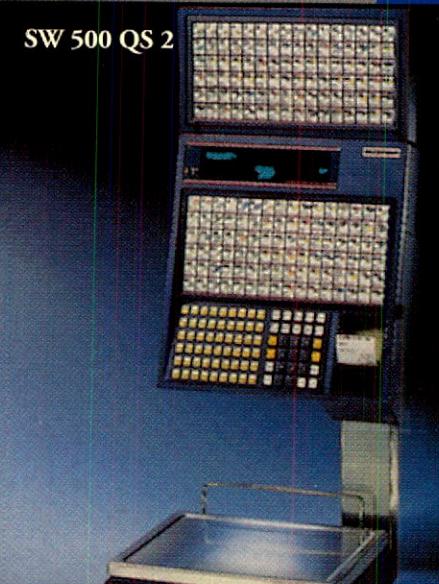
SW 800 E



SW 200 F



SW 500 QS 2

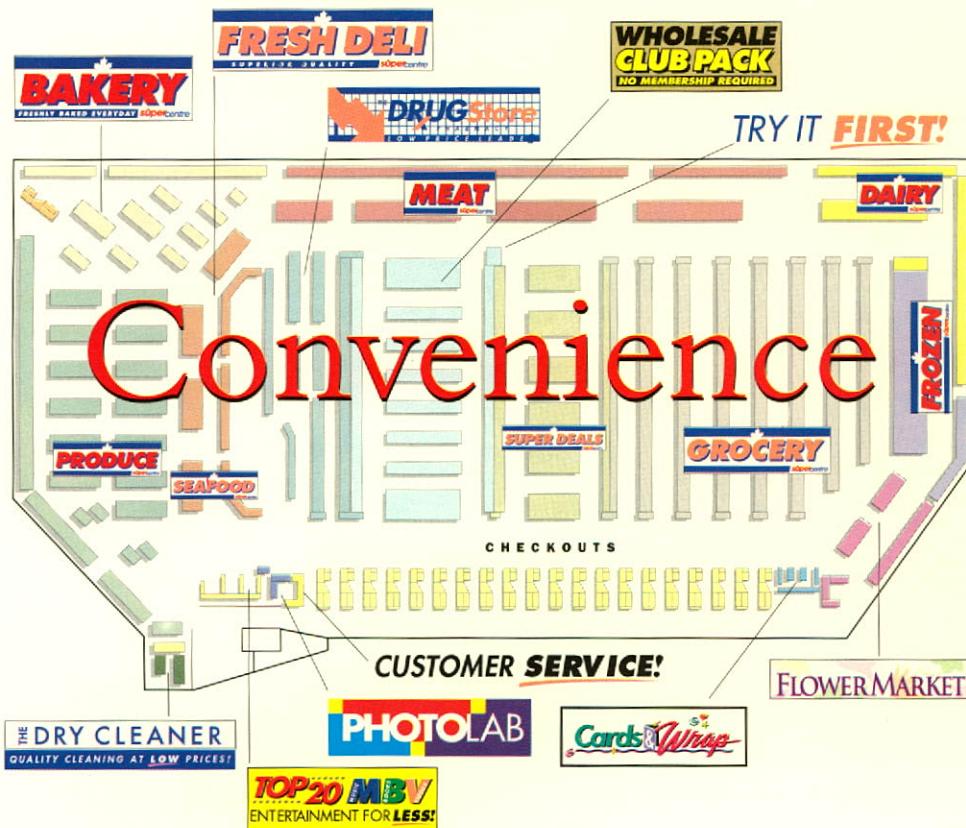


Loblaw strives to provide superior returns to its shareholders through a combination of share price appreciation and dividends. To this end, it follows certain fundamental operating principles. It concentrates on food retailing, providing consumers with good value on everyday household needs. It maintains a significant program of reinvestment in and expansion of its existing markets. It is highly selective in acquisitions and continues to invest in products and technology. Loblaw seeks long term, stable growth, taking managed operating risks from a strong balance sheet position.

Selling more groceries than any other company in Canada, Loblaw strives to improve its standards of value continuously by offering a wide variety and selection of high-quality, low-priced food, related products and services in modern, conveniently-located stores.

LOBLAW COMPANIES LIMITED is Canada's largest retail and wholesale food distributor with operations across the country

Loblaw Companies is one of the largest private employers in Canada with over 60,000 employees and has a responsibility to provide fair wages and secure employment. This responsibility can best be met in a stable, low-cost operating environment where we all accept the need to continuously improve our ability to serve our customers. •





Nestlé

Nothing goes with cake like a rich cup of coffee.

T.P. Loblaw and J. Milton Cork first conceived of a chain of stores, selling groceries on a self-serve basis, in 1919. But it was three years later, in 1921, that Loblaw Groceterias Co. was incorporated with four stores. It is that anniversary that we mark today with this special commemorative issue on behalf of, what later became, Loblaw Companies Limited.

And a fascinating 75 years it has been.

Through the Twenties and Thirties the little chain grew. Its main competition was then, and would remain so for four decades, Dominion Stores Ltd. Interestingly, Dominion got its

Typical Loblaw storefront in 1928 showing two doors in centre, one each for entrance and exit. Inside the doors was an area for leaving baby carriages and other paraphernalia. These stores took in an average of \$250,000 annually.



start in 1919 too, when it bought a group of smaller stores that T.P. Loblaw had operated before he conceived of his bright, new, larger, self-serve stores.

Dominion came back into the picture in the Thirties, when during the depression, Dominion made a bid for Loblaw. After a confrontation with William Pentland, the then Dominion president, T.P. Loblaw rejected the offer. But Pentland and Loblaw remained friends.

Loblaw began with four stores in 1921

By 1946-47, Loblaw was averaging something over \$450,000 in annual sales per store. It was widely reported that this was the highest of any chain in North America. Loblaw's total sales were only slightly behind those of Dominion, which had three times the number of stores.

In the Fifties and early Sixties the company kept growing. Loblaw stores were popular with shoppers. But the bottom line was harder and harder to maintain. By the late 1960s the company was facing real problems. The old image and logo became tarnished. Dominion

Congratulations
Loblaw Companies Limited
on your 75th Anniversary!



Quickchange Payphone Pass



PAM

MORRISON LAMOTHE INC.
FROZEN FOOD DIVISION



Jiffy pop

Savarin



**Crunch
'n
Munch**



BENCKISER

took an aggressive pricing stance in 1970 and attracted customers as never before. In the early 1970s Loblaw lost some \$83 million.

By then the Weston group controlled the company. Galen Weston, realizing that Loblaw need a complete makeover, brought in David Nichol. Then Richard Currie. Then David Williams and Serge Darkazanli. Together they brought in designer Don Watt to redo the logo and the stores. Major renovations followed, as did some new store openings. Slowly things began to turn around.

Richard Currie became president of Loblaw Companies Limited. David Nichol launched President's Choice and the chain, that 10 years earlier had a high price image and not much of a shoppers' reputation, was back. Shrewd acquisitions and an effort to own as much of its retail square footage as possible, propelled the company forward. Innovative new retailing formats worked. Where they didn't, the fact that the company owned much of its own space allowed it to change quickly. Loblaws' old nemesis, Dominion, was gone.

Today, through its retailing and wholesaling divisions in every province except Quebec (where Loblaw still covets locations), Loblaw has reached such a critical mass in size and scope, that it can build new stores with little or no impact on its capital or cash flow. Distribution is already in place, just waiting for new stores to supply. The company is perfectly positioned to be Canada's premier grocer today, and for the foreseeable future. •



Canadian Grocer wishes to thank Richard J. Currie, president of Loblaw Companies Limited; Stephen A. Smith, senior vice-president and controller; Roger A. Lindsay, executive vice-president of Whittington Investments Limited; Nina Derkach and Aline Aumais and the many other people at Loblaw Companies Limited who provided assistance. Thanks also to Sonya Felix, who did the massive research and wrote the historical details; Pino Sottile, who designed it, and Elizabeth Masters, who oversaw production.

Editor: George H. Condon
Assistant Editor: Julie Cooper

Publisher: Karen A. James
Published by Canadian Grocer, 777 Bay Street, Toronto, ON M5W 1A7

Sales Manager: Kevin Smith

West

STORE BANNERS

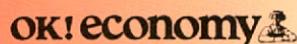
Retail



34 Stores



10 Stores



39 Stores



15 Stores

7 Stores are operated under various other banners including 3 Cash & Carry

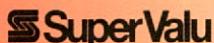
Wholesale



84 Stores



272 Stores



45 Stores



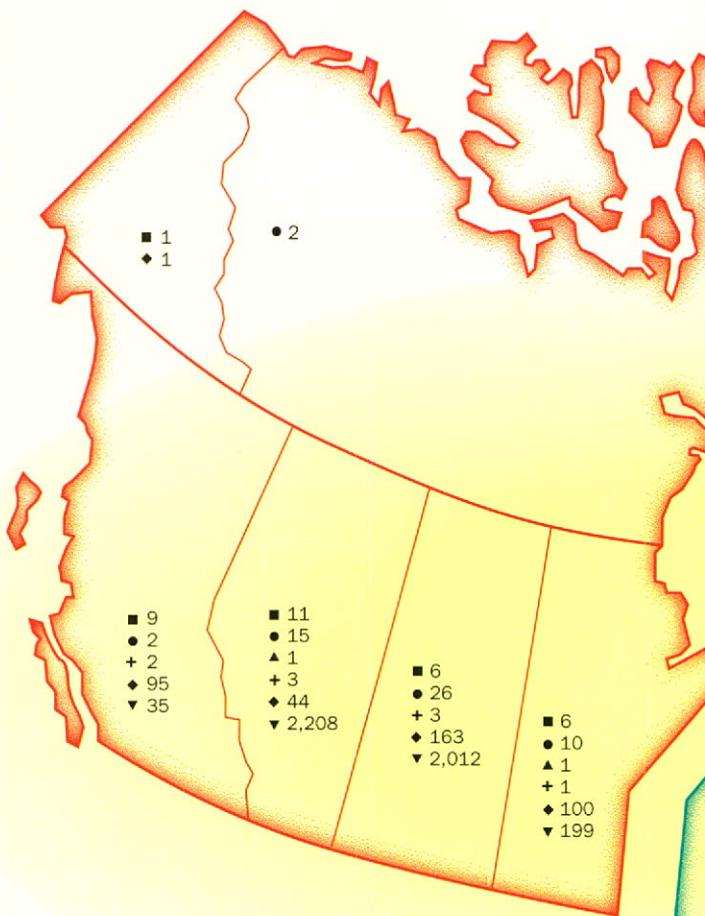
10 Stores

1995 REVIEW

- Record sales and earnings.
- 2 Real Canadian Superstores, 4 Real Canadian Wholesale Clubs and 9 conventional stores opened.
- Retail sales increase 12%; same-store sales improve 3%.
- Average retail square footage up 12%.
- Wholesale profits up although sales decline.

1996 OUTLOOK

- Continued focus on retail sales growth.
- Planned openings of 2 Real Canadian Superstores, 4 Real Canadian Wholesale Clubs and 3 conventional stores.
- Increased market share.
- Improved profitability.



Retail

- Superstores
- Conventional Stores
- ▲ Cash & Carry Stores
- ◆ The Real Canadian Wholesale Club

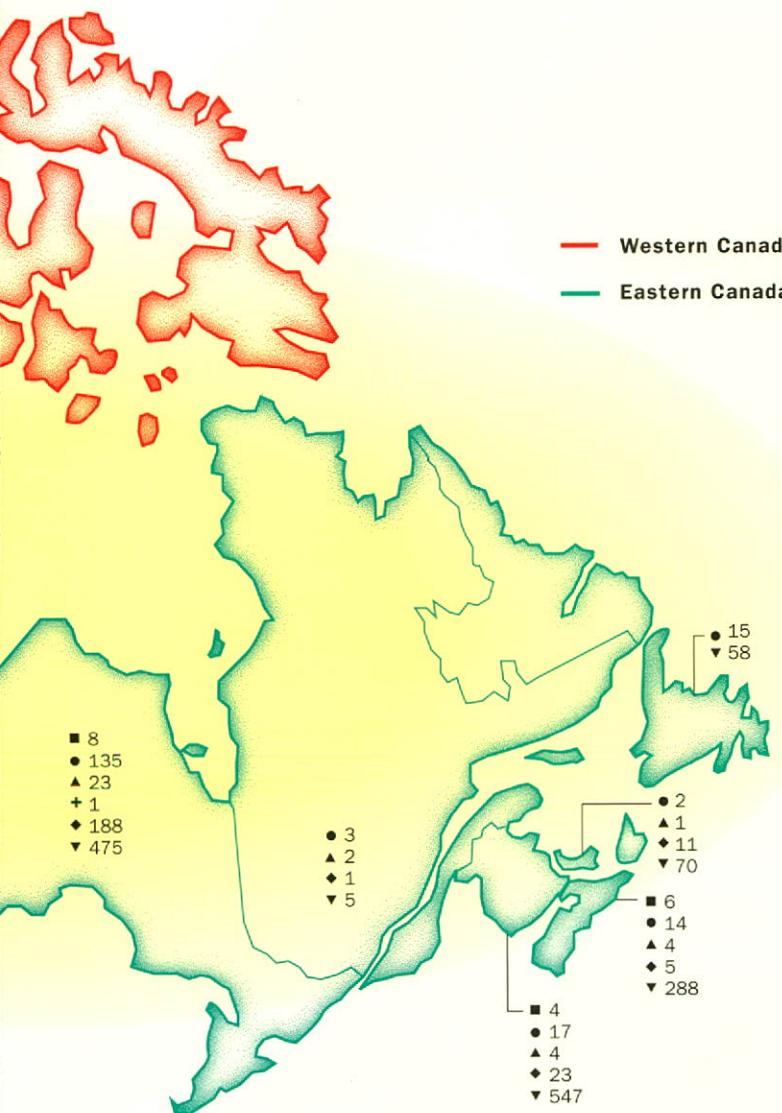
Wholesale

- ◆ Franchised Independent Stores
- ▼ Independent Accounts

* The United States retail business was sold in the second quarter of 1995. The line of President's Choice™ products continues to be actively marketed into select supermarket chains in 36 States, Bermuda and Barbados.

Loblaw Comp

DIVISIONS



anies Today

East

STORE BANNERS

Retail

Loblaws

64 Stores

zehrs
markets

46 Stores

save-easy

18 Stores

the Supercentre

7 Stores

SuperValu

15 Stores

zehrs
food plus

11 Stores

the real atlantic Superstore

10 Stores

Dominion

15 Stores in Newfoundland

47 Stores are operated under various other banners including 33 Cash & Carry

Wholesale

no frills

57 Stores

FORTINOS

17 Stores



38 Stores

Atlantic Grocer

2 Stores

valu-mart

54 Stores

save-easy

37 Stores

mr. grocer

15 Stores

1995 REVIEW

- Record sales and earnings.
- 14 new corporate stores opened.
- 5% same-store sales increase.
- 16 stores renovated or expanded.
- Average retail square footage increased by 10%.
- Improved warehousing and distribution efficiency and profitability.
- Franchise programs expanded.

1996 OUTLOOK

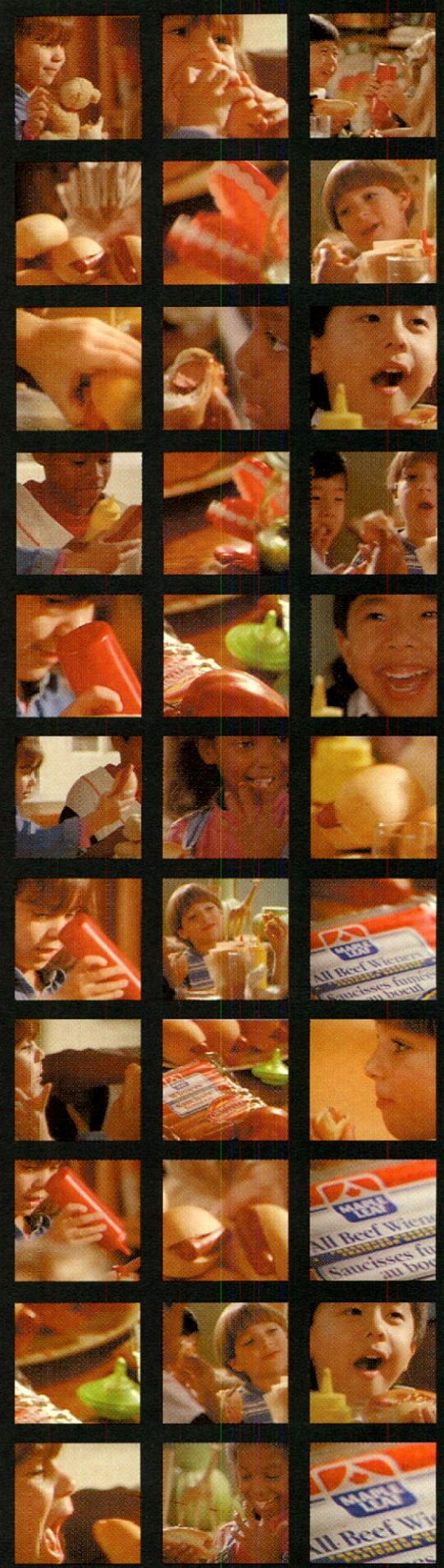
- Sales and earnings growth rates consistent with 1995.
- 28 planned openings of corporate and franchised stores totalling .6 million sq.ft..
- Renovations or expansions of 11 stores.
- Increased market share particularly in Atlantic Canada.

After renewing our commitment
to innovation, superior
product quality and
outstanding customer service,
Maple Leaf Meats is in a
better position to do most things.

Like offering a hearty congratulations
to Loblaws on 75 years of excellence.



A cut above.

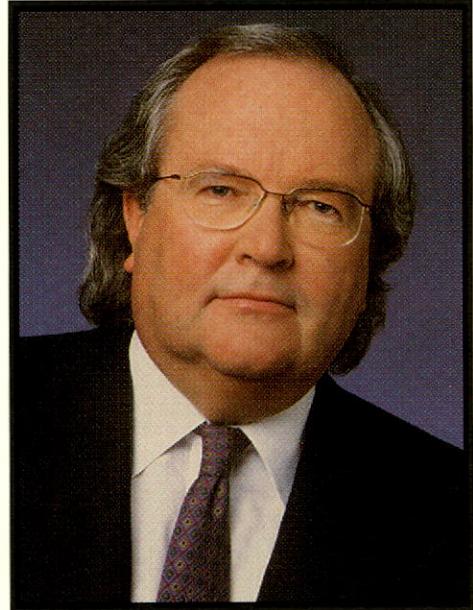


Richard J. Currie is the president of Loblaw Companies Limited. On the occasion of this anniversary supplement, he talked with Canadian Grocer Editor George H. Condon. The following are some of his comments:

On the importance of ownership

Where do I think our business is going? Basically, across the country we're putting in a series of, for lack of a better word, "boxes", in which we sell our products. And we're concerned—some people would say overly concerned—about owning those boxes and the land that surrounds them which is obviously zoned for retailing.

If you had asked me 20 years ago if we'd be selling the products we're selling and running the kinds of stores we are today, I could not have told you. But ownership of the box gives you the flexibility to do whatever you like.



An interview with Richard J. Currie

Whereas signing a lease to carry on a specific kind of business within that box says you carry on that kind of business for the life of the lease, and you pay rent, and when you're done somebody owns it. If the life of a concept is shorter than the life of the lease, you've signed yourself a big problem. But if the life of a concept is shorter, or longer, than the term of the lease, if you own it, then it doesn't make any difference. You can adapt the box to put in, let's say, a whole series of Kentucky Fried Chicken-type operations. You can also cut it up and put in a Kentucky Fried, a women's dress shop, or whatever you like in that space because you've got zoning to operate a retail business.

On larger-size stores

Over the past 20 years, the business has evolved to larger and larger stores, with more variety. Today we're in the business of meeting everyday household needs. We're also into music, books, video and cards. I like the idea of that kind of thing—flowers, newspapers—that shoppers just add on at the end of their shopping trip.

We are proud
to have been part of
your growth for the
past three decades



Simon Zucker & Associates
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TO THE SUPERMARKET INDUSTRY

CONGRATULATIONS, FROM THE OLD GANG AT SCHNEIDERS.



WE'RE PROUD TO HAVE GROWN WITH LOBLAWS SINCE 1921.





In meeting everyday household needs, in order to do that, given the number of products that have come in over the years into the facility, of necessity, stores have to be larger and larger units.

It isn't a question of building bigger stores and trying to figure out what to put in them, it is a question of what is required to satisfy customers' everyday needs, and what size of store is required.

I have no reason to believe that, in the future, stores will get smaller.

If you have the flexibility to do what you want—bigger, smaller, half-size or double, whatever—it's a tremendous competitive advantage.

On retailing flexibility

At the start of my term in office we owned very little of our square footage but I would think we own almost two-thirds now. And we probably own 80% of our stores with square footage over 40,000 sq. ft. However, we'll never get to 100%. We could if we wanted to be absolutely adamant. We're quite adamant, but not totally adamant. I think we'll end up owning something around 80% of our stores, and that will give someone, someday, a lot of flexibility to do what they want within those boxes.

I could make the argument that the business is moving away from size being a competitive advantage (because size equals convenience—it's a one-stop shop for those everyday household needs), to locations being more the asset. That's because the location can be made any size you want.

We're investing a lot of money in new stores, but will those stores look in 10 years the way they do today? I simply don't know. Nobody knows. The thing that always bothered me about signing a lease, was the life of that location or concept compared to the 20 or 25 years we were signing up for. It is





- Atlantic Promotions
 - Carriere Foods
- Crystal Springs/Evian
 - Dean Foods
 - Duchess Foods
 - Eddy Match
 - Farmer's Dairy
 - H. T. Griffin
- James River Corp.
 - J. M. Smucker
- Lee's Food Products
 - Lounsbury Foods
 - Mardi Gras
- Nichirei Foods America
 - Pfizer
 - Principal Sales
 - Reinhart Foods
- Rich Products of Canada
 - 3M
 - Tetley Canada
 - Texaco Lubricants
 - Tropicana Canada
 - Wong Wing Foods

**We'd like to say,
congratulations
Loblaw's on your
75th birthday.**

(But frankly, you don't act your age!)

From fresh ideas in the produce department to cool ways of selling frozen foods, Loblaw's consistently demonstrates the high spirited drive and the youthful enthusiasm of a much younger (dare we say hungrier!) company.

And thanks to your efforts, TL&S and its many principals are in a better position to meet our consumers needs.

So, happy 75th birthday to an outstanding company.



Thomas, Large & Singer

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a tremendous commitment when you think of what the prime rate will be in 10 to 25 years. No one has any notion. All you can do, from my point of view, is constantly position the business so it has maximum flexibility no matter what happens. Ownership is fundamental to that flexibility.

The MarchéLino Restaurant in Loblaws' new Oakville, Ont. store serves up fresh, prepared food ready for take-out or in-store consumption.

On prepared food

So where is it going? I don't know, but we'll have the flexibility to respond to wherever the marketplace says it's going. We've got upscale products and we're putting in more and more across Canada.

I think it's reasonable to expect that there will be more take-home prepared foods in the stores, whether it's the English model or some other model. I think the opportunity for supermarkets in the so-called fast-food industry is enormous, primarily because the traditional fast food offers a lower quality product.

I think the North American market is moving toward more sophisticated taste in food. It may not necessarily be moving towards more nutritional food, but it's certainly a more sophisticated taste. So, if you take the supermarket, which as I said may be moving more from size to location as its competitive advantage, we're going to want to be ready for that trend. We're evaluating it at the present time.



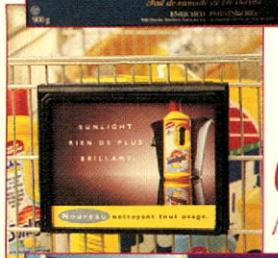
...DRIVE INCREMENTAL SALES!...GENERATE MEASURABLE PAYOUT! ...UNLEASH THE POWER OF IN-STORE!



In-store advertising and promotion drives incremental sales and brand awareness.
Deliver your message at retail where 70%* of the buying decisions are made.

infoShelf

- **Preferred**—In-store coupons are preferred by 68.8% of coupon users**
- **Intrusive**—The unique holder guarantees high visibility and creative flexibility in the cluttered retail environment
- **Scope**—National coverage of over 3,500+ key food, drug and mass merchandisers
- **Reach**—Each week, ACTMEDIA's services reach over 20 million Canadian consumers where they shop
- **Reliable**—ACTMEDIA's service team guarantees placement
- **Results**—Research proves that ACTMEDIA's services impact sales and brand awareness



Cart Advertising



infoDrug

*POP1

**A.C.N. Homescan Panel Data



Congratulations **Loblaw's**

For 75 years,
Loblaw's has been a leader
in innovative retailing concepts.
S.C. Johnson, a recognized innovator
in home and personal care products,
is proud to have contributed
to your success.

75

Years of Innovative Retailing Success!

SC Johnson.

Windex

pledge

edge

SHOUT

Dranx

Glade

OFF!

Raid



If we believe that that's the way to go, then I want the facilities to be able to take us down that road. If that's not where it's going, I want the flexibility to get into something else.

But wherever it goes, we'll be there in spades. We may make a few mistakes on the way down that road, but never enough to really hurt us.

On general merchandise

We're in the apparel business in Western Canada and we're bringing that business East, particularly in children's clothes. We think it's a natural for the kind of people we want to attract into our stores that they can buy high-quality children's clothes, up to maybe age six. We think there's an opportunity for us in that niche. We're not going to sell men's suits, but we can sell snow suits for four, five and six year olds.

Probably the most disappointing thing to me, regarding the big stores we brought



*Proud to be part of Loblaw Companies Ltd.
growing success.*

Congratulations on your 75th Anniversary!



**Your source for Category Management:
DATABASES • SOFTWARE • CONSULTING**



**Servicing Loblaw Companies Ltd.
North American Information Needs**



Congratulations Loblaws on 75 years of serving Canadian customers.

TREBOR

**Pak 'n
Mix**

Twirls

Berries



Gummies

Fuzzy Peach

into Ontario (and then had to cut back) is that not a single analyst or observer ever gave us any recognition of the fact that we could do that and fix it. And now it's well and truly fixed because eight out of the eleven of those stores were the top eight stores in Ontario in sales last year.

The beauty of it was that we could always get out because we had flexibility. Today it's very difficult for any competitor to get his arms around us and choke us. We forgot now that Loeb was going to go into Southwestern Ontario and blow everyone out of the marketplace. PriceCostco is doing their thing. Wal-Mart is now in. Yet, year after year we keep moving up in sales and profits.

It's the constant, constant testing of where we think it might be going, judging by what we see in this marketplace, or other marketplaces, that we are able to put the full resources of the business behind it and say, "that's where we're going."

Sometimes in the retail food business there is a little bit of the flavor of the month, where everyone runs down after something. We take a few facilities, work on it, see what we're learning. Is it a trend, is it a fad, is it a fashion, is it going to last?

There's a British expression "the horse for the course" referring to horse racing. If you have a dry track you'd better have a dry runner, if you've got a muddy course you'd better have a mudder. We have a lot of horses in the stables. Depending on the track, that's what we'll put in.

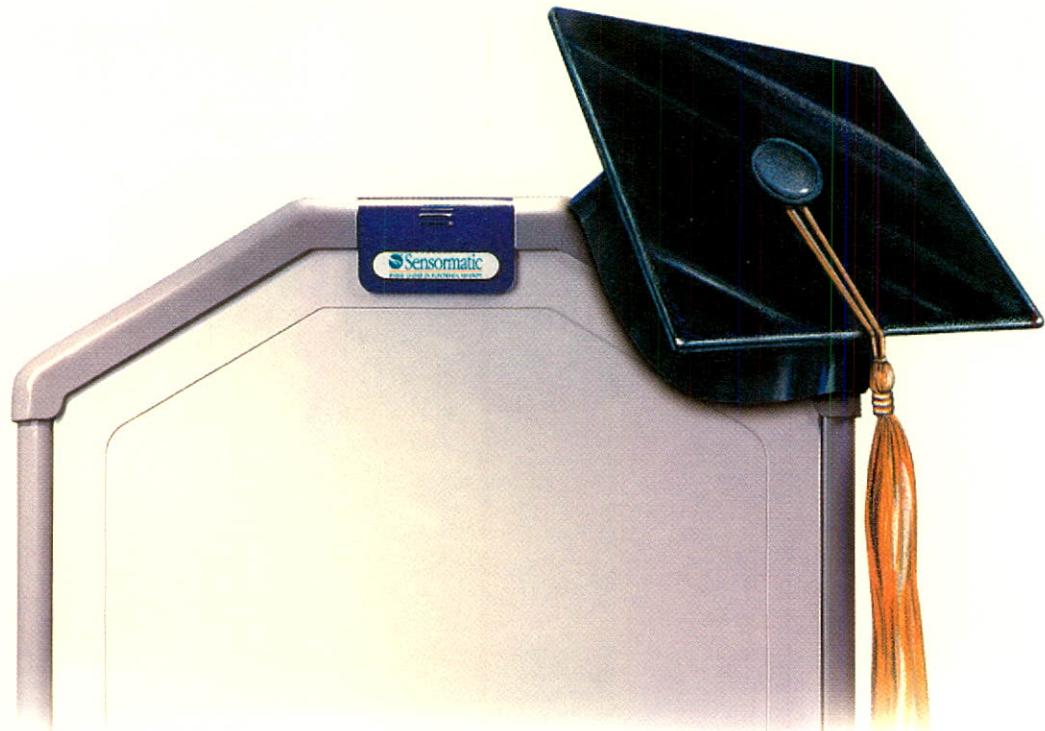
On the West vs the East

When I first got involved in Western Canada, Canada Safeway had enormous market shares. In Edmonton they probably had 70% of the market, with good stores. Everywhere you looked across Western Canada all you could find was Safeway, Safeway, Safeway. So we had to devise a new concept. There was no point to go in with store after store and take on Safeway with their established reputation. We had to dream up something different. And what we came up with was a combination of Albertson's in the United States and what we had seen in England. A little bit of general merchandise, a little bit of food and the right location. But get the prices down. That new concept today is what drives the business in Western Canada.

In Eastern Canada we have a much larger business. We do twice the business in the East than we do in the West, so in the East there are many more segments to our business. In some markets we're the pseudo-Wegmans if you will. In others we're there with a No

Congratulations
Loblaws
on your
75th Anniversary

EAS just got smarter...



Introducing MAX CheckoutTM

MAX Checkout combines the performance of Ultra•Max[®] and the power of the PC to create the first intelligent EAS system. The MAX Checkout system is the first EAS system designed to meet both today's and tomorrow's supermarket requirements.

- New, attractive pedestal design complements upscale super stores, but is durable enough for conventional high shrink stores.
- Single pedestal system eliminates clutter at check stands.
- High pick rate detects stolen merchandise hidden on a person, in containers, or in clothing.
- No false alarms, eliminates embarrassing customer confrontations.
- Perfect for source tagging with new Ultra•Strip[™] Narrow labels—the smallest footprint of any EAS label.
- Can detect labels in a shopping cart.



The Manager Interface Module provides valuable loss prevention information such as people count, alarm count, and deactivation count.

- Protects more products than any other EAS technology because Ultra•Max labels are not adversely affected by metal, liquids and moisture found in many supermarket items.
- Available in checkout or exit coverage.
- Uses proximity deactivation which improves throughput.
- Unique, under-the-cart merchandise detection feature.
- Designed to integrate with deactivation, POS/EM[®], and CCTV systems.
- Remote diagnostic capabilities help reduce service calls and expenses.

To find out more about how MAX Checkout makes EAS from Sensormatic a smart choice, call today,
USA: **1-800-368-7262**
Canada: **1-800-387-6990**



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WORLD LEADER IN ELECTRONIC SECURITY

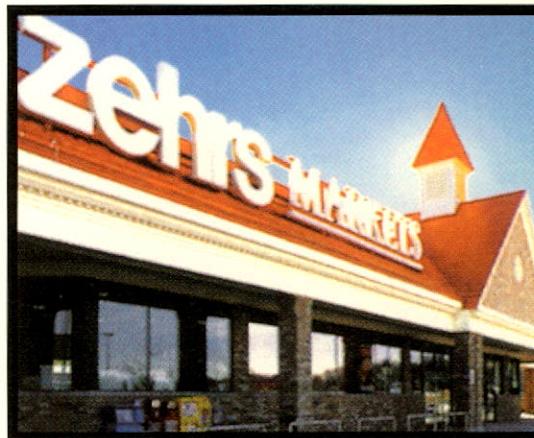


Frills. We're trying to match where the market is to what we can enter in that market, what position we see ourselves. In the West there was simply no point in continuing in the business with the assets we had. If nothing else in running this company for 20 years, I've recognized that your merchandising strategy is a function of your asset base.

You can't say with one series of assets that you want to be something else. You can't be something else. Your concept and your assets have to match. And that's what we tried to do. In the West the stores match. The Lobaw and Zehrs stores, they match. The No Frills stores, they match the market segment we're attempting to deliver to.

When people talk about market segments, my thesis would be that each person is in many segments of the market. You can't say that this person is reasonably well educated, reasonably affluent, therefore this is the type of store that will appeal to him. We have a lot of affluent people who shop in No Frills stores for major portions of their regular order. Then they may shop elsewhere for the rest of it, so one person can be in different segments.

We run different businesses in the West, in Ontario and in the Maritimes, depending upon the vehicle we've decided to enter in each location and market. The Maritimes is a microcosm of Ontario in that there is a large franchise business, and we're imposing a large corporate business on top of it. It will be a wonderful learning experience for people coming into the business, because it's smaller. You get a chance, I think, to assimilate in smaller chunks, not only what you put in a store, but the whole concept behind it. In the West we have not been in the traditional supermarket business. We are a true mass merchandiser. Low price, high volume. We're winding down our franchise business and adding some supermarkets but in the West we are truly in the mass merchandise business.



On critical mass

In each market we're currently in, we have the size that allows us to add something new at a marginal cost basis. For example, 10 years ago we really weren't represented in Hamilton. We were really not represented in Windsor, Sudbury, Calgary, Vancouver or Halifax. Now we have the mass and the distribution, and the administration and systems in back of that mass, that when we add volume we're adding it onto an already established base.

A color photograph of a tailor in a workshop. The tailor, an older man with glasses and a white shirt, is adjusting the collar of a dark suit jacket on a male customer. The customer is looking down. The tailor has a yellow measuring tape around his neck. In the background, there are rolls of fabric and a wooden desk with papers. A small dog is visible on the left.

Our approach to Category Management.

*Registered trademark of †Trademark of KELLOGG CANADA INC. © 1996

It's exclusive. It's tailor made. It's customized Category Management for the multimillion dollar breakfast business.

Working closely with you, *Kellogg's* will help manage the entire breakfast category, segment by segment to help you better understand your customers, and create a combination of products, planograms and promotions that will suit you perfectly.

Then you'll be able to offer better value to customers and improve your bottom line.

So talk to your *Kellogg's* representative to arrange a fitting.

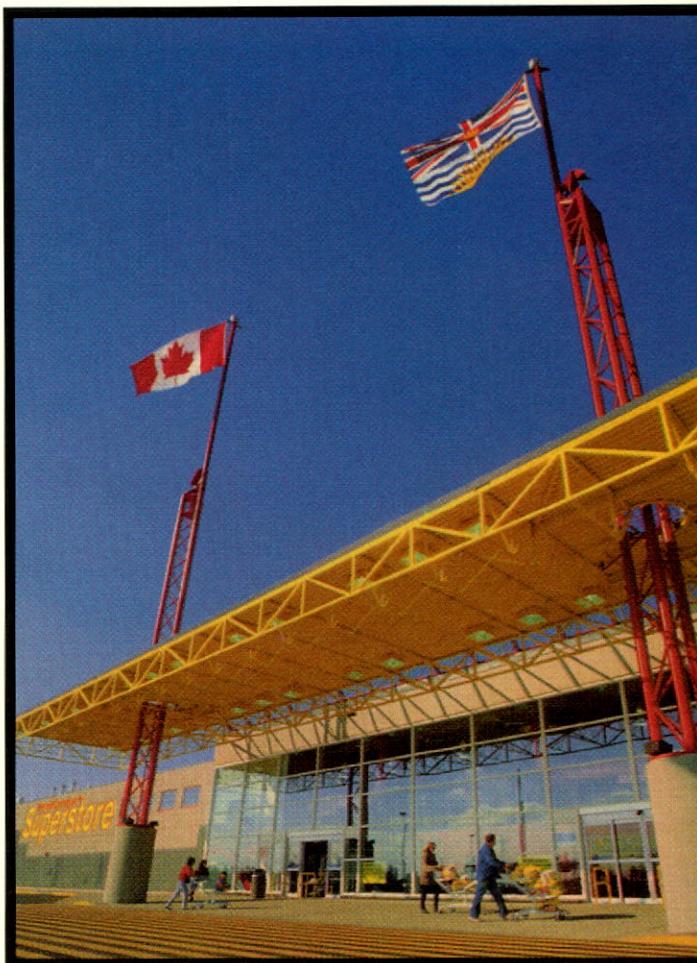
Kellogg's
Category Optimization

Before that we really couldn't add on, because we had to build the support systems. There's really only two ways to do it, put in the stores and then put the support in back of it, or alternatively, the better plan is to put the support in first, installing the warehousing, etc. Then you can start adding to it. At some point in time the size of your support will match the volume of your stores. After that, as you add volume in stores, it comes at virtually no cost to support systems.

If you only have one type of store... if you're only putting in Loblaw stores, or Zehrs stores, or No Frills stores, or Real Canadian Superstores, or whatever, you do reach a point where those stores can't grow any more because you've filled up the available niche. But if you have a series of formats, which we do, then you don't reach saturation very quickly.

For example, my figures show that in 1983 in Ontario, Dominion, plus Miracle Mart and A&P, had 41% of the market—that's the total market. Essentially they were in the supermarket business. They weren't putting in No Frills or Real Canadian Superstores or different types of units for different types of towns. Today, with everything we've got in the Ontario market, all our different formats—Zehrs, No Frills, Your Independent Grocer, Mr. Grocer, Loblaws, Fortinos etc., we have 31%. So you can see the basis upon which I say we have enormous growth potential in this province, because at one point in time someone had 41% of the market with one type of store.

We have tremendous growth potential here, and we have enormous growth opportunities in Western Canada where we can still put in a lot of stores in Alberta and British Columbia. And in the Maritimes, where we've been number two for years, we continue to put in new facilities and they do well. Because we now have the critical mass



PICK UP
bread
+ milk

It's not a shopping list. It's a business plan.

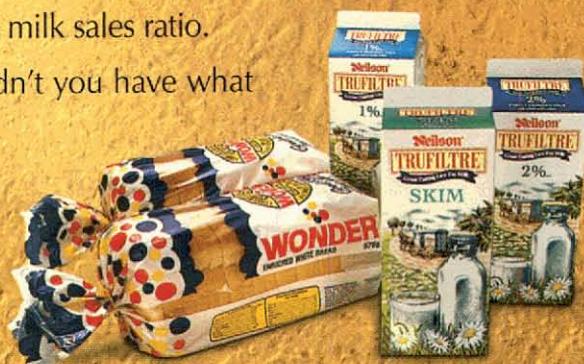
Time to stock up on bread and milk. Wonder bread and Neilson Trufiltre milk, to be precise. For Wonder, a campaign of 60 and 30-second TV commercials is driving customers your way. And with great-tasting, low-fat Trufiltre, we've done nothing less than change the way people buy milk, practically reversing the traditional 2%: skim milk sales ratio.

Wonder bread and Neilson Trufiltre milk. Shouldn't you have what your customers are having?

Neilson

Weston's

Proud of our 75-year partnership with Loblaws.



in terms of support, and critical mass in any given market, if we put in a store we're putting it in back of other facilities, if you will. It's not as if each store going into a new community can be attacked individually. We're already there.

When you have a variable cost on your accountant's ledger, and you're working at less than capacity, that cost really isn't real until you get capacity. We're not at capacity yet. In fact, I don't think we'll ever have to build another warehouse in Ontario. We'll never have to. I think we could increase the size of our business in Ontario by 25%, which is up to that 41% figure, and we wouldn't need any more support, in terms of facilities, systems and people. So we think we're in a very strong position.

On the Province of Quebec

It's inevitable that we will go into Quebec. We have to go into Quebec, but we are not in any rush.

We certainly haven't run out of opportunities in the rest of the business. And, I think there's a timing element to the flow of the business. In Quebec, we've got a very young team, well directed from Toronto. The difference in those people, in the three years they've been down there, is enormous. Their development has been much greater than if they'd stayed in Toronto and I think they will communicate their experiences. So with the next group that wants to go to Quebec, I think we'll have a line-up of people who will want to go and run the stores.

I don't think we'll ever reach the market position in Quebec that we have in Ontario, simply because we don't want to go to some parts of the province. Learning the texture and feel of the more rural parts of Quebec is a lifetime worth of work. Maybe the next man or woman after me, might start working on that.

But certainly, various segments of Montreal—the south shore, the west island, the central core, and the road going up to Ottawa—are very attractive places for us to be. We think the people would be very happy to have us there.

We're putting about \$300 million a year into the business, including the land, buildings and so on, and it wouldn't take much more—\$180 million per year for a few years in Quebec and we'd have quite a business. We can afford it because the \$300 million is all out of our cash flow.

I'd rather build on our own facilities and ideology than acquire something that someone else has built and worked over. To me, businesses have a character and when you do an acquisition you acquire the culture as much as you are acquiring assets. •

We were present for your birth.

We watched you grow and thrive.

We struggled with you in the 1970s.

And today we're very pleased to honor you and
your tremendous success since, with this
special commemorative edition.



From all of us at Canadian Grocer...
Thank you!

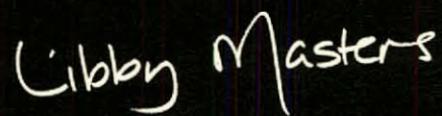
George McConal

Karen James

John Cooper

Penny Argos

Kevin Smith

Libby Masters

Schneid

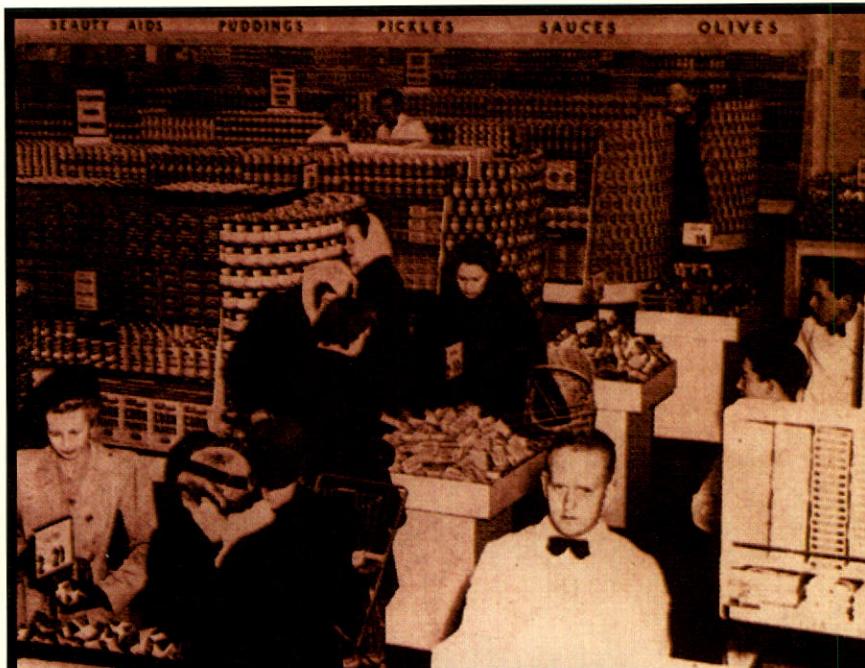
Founded on a 'new' idea

Recognizing when to blow with the winds of change is a strength of any successful business. Knowing when to adapt and when to stand firm, when to expand and when to slow down, when to modernize and when to hold the status quo can make the difference between profit and loss. That's the kind of business sense a succession of leaders brought to Loblaw's over the past seven and a half decades, gradually growing the company into one of the largest and most successful grocery store chains in North America.

Today Loblaw Companies Limited has nearly 1,000 stores across Canada and one of the most recognizable private label brands in the world. And it all started back around the years of the Great War when two of Toronto's leading grocers knew the time was right to shrug off long-held traditions and develop a new style of grocery retailing.

Prior to the opening of the first Loblaw Groceteria in Toronto in 1919, the grocery industry was already moving away from the credit and delivery system of retailing. Some grocers had discovered how much easier and less costly it was to have customers pay cash at the time of purchase and carry their groceries home themselves. Not everyone agreed with the benefits however, some claiming that the "cash and carry" movement couldn't survive the end of the First World War because no one could afford the extra staff needed in the store to look after customers.

Among those favoring cash and carry were two experienced grocery men, T.P. Loblaw and J. Milton Cork. After many years working in grocery stores, both men had come to believe that there had to be a better way to do business, a way to cut costs, and to offer



A new Loblaw store in Hamilton, Ont. in 1948. Note the clearly painted signs over departments, sale tables and the "impulse" items stocked at the cash.



Quality always pays its way.



SCOTT PAPER LTD. is proud of its heritage and with our special relationship with Loblaws over the years.

Congratulations from SCOTT on your 75th Anniversary!

competitive pricing and shopping convenience. Cash and carry alone didn't go far enough. The next logical step to Loblaw and Cork was to open a store where customers served themselves. Based on that idea, they convinced another grocer, J.M. Evans, to sell them his store on Dundas St. West which they immediately renovated to run as a self-serve grocery.

With the store's opening in June 1919, they founded Loblaw Groceteria Ltd. Two years later, with Cork's College St. store also transformed into the "groceteria" style, Loblaw Groceteria Co. Limited was incorporated to take over the assets of the first company and the seeds of the modern day Loblaws' chain were sown.

Obviously, 75 years didn't go by quite that easily and the link between the little store on Dundas Street and the huge sophisticated supermarkets that characterize Loblaws today is hard to imagine. It's like comparing the Wright brothers' flying machine to a jumbo jet. But, there's no doubt that's where it all started, back in the days when two men shook hands on a plan to find a better way to sell groceries.

The beginning

Theodore Pringle Loblaw was already an accomplished business man and grocer by the time he paired up with J. Milton Cork in 1919. Born in 1872 in Alliston, Ont., Theodore's early life was marred by tragedy and disciplined by hard work. His father died when he was a baby and he helped support his mother by doing farm chores until she died when he was 15.

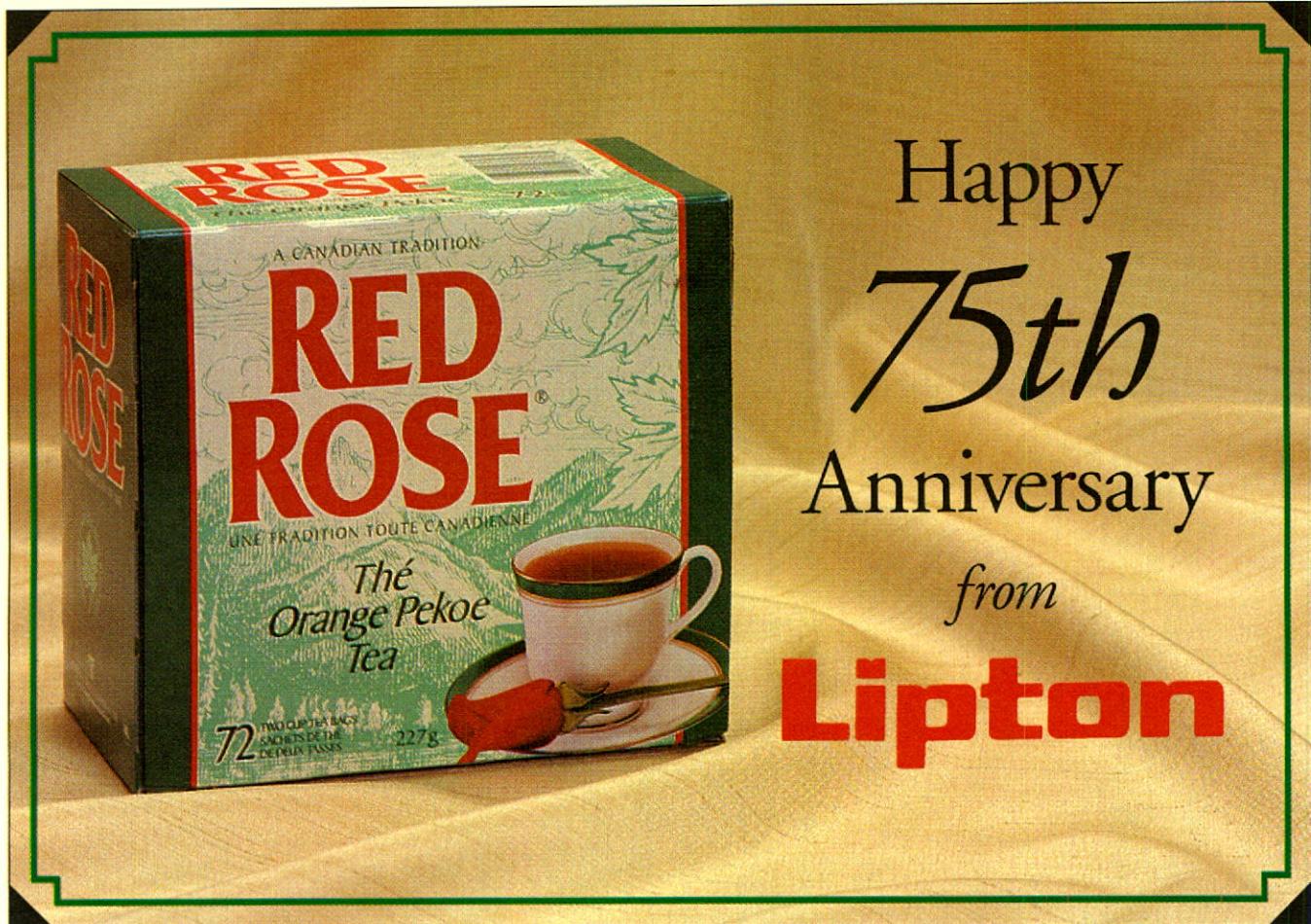
He continued working on farms for two more years, saved up a few dollars, then set off for the city. Intrigued by stories of large retail companies like Eaton's and Simpson's, Theodore dreamed of becoming a great merchant. Not long after arriving in Toronto he found a job at Eaton's Emporium during the Christmas rush.

After Eaton's, Loblaw got his first job in the grocery business at \$3 a week working for W.G. Cork in a store at 400 King St. East. It was a fateful move, for this is where he met his new boss's son, the young J. Milton Cork. Little did they know that the relationship that began when Milton took the inexperienced Theodore under his wing would develop into a highly successful business partnership. Theodore was keen and alert, a hard worker with a friendly attitude to customers. He stayed with Cork for more than three years.

During these early years, Loblaw saved money by going without entertainment,



Theodore P. Loblaw



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Nationwide
Inventory Counting
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and many best wishes on
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a sure thing"*

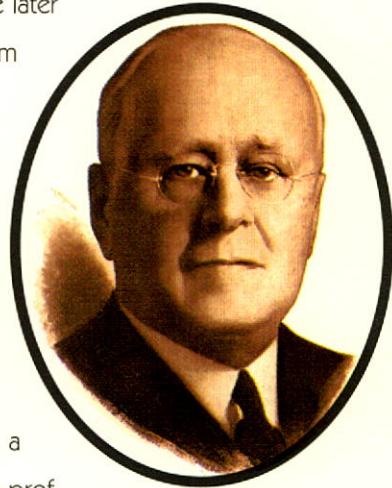
LES FERMES CAVENDISH FARMS

*Congratulations
Loblaws
on your
75th Anniversary*

luxuries and vacations, even denying himself the convenience of riding the streetcar. Realizing he needed more education in business methods, he went to Business College two evenings a week to study bookkeeping. He later said that the knowledge gained in his evening classes enabled him to devise a special system of accounting for his own business.

Around this time, chain department stores owned and operated by the same man or company, made their appearance in Canada. Loblaw liked the concept and decided it could be applied to grocery as easily as department stores. He felt that if he had a number of stores he could buy larger quantities and therefore buy more cheaply. The overhead—management, accounting, advertising—could be distributed over a number of stores, making it cheaper for the customer and more profitable for the owner. In 1910, Loblaw got a chance to prove his theory when he opened his first small store at 228 King Street East. Over the next nine years, Loblaw Stores Ltd., expanded to 19 traditional style grocery stores, all run on the chain method.

J. Milton Cork

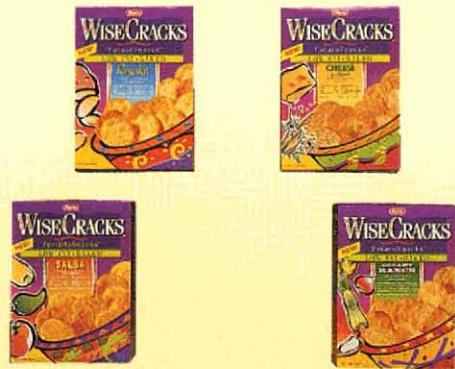


In early 1919, T.P. Loblaw decided to sell his chain for a profit and began looking for a new business venture. Within a year, the original Loblaw stores became the nucleus for Dominion Stores Ltd. run by William Pentland. Meanwhile, Loblaw became general manager of United Farmers of Ontario Co-operative, a position that involved travelling to the United States. In Tennessee, Loblaw visited the Piggly Wiggly "wait on yourself" stores which had opened in 1917. Enthralled by the concept of the "groceteria" where customers served themselves from displays of goods throughout the store, Loblaw decided to see if the system would work in Toronto.

One evening he ran into J. Milton Cork in downtown Toronto and gave him a lift home in his motor car. By this time, the two men were almost 50 years old, long-time friends with years of experience in the grocery business. Cork had his own store on College St. During the trip, Loblaw told Cork about his idea to establish a chain of large stores, well-lighted, spotlessly clean, brightly painted and arranged to afford the greatest possible convenience to the customer. All stores would be operated on a self-serve and cash-and-carry basis which was sure to slash overhead and lower prices.

He wanted to get away from the pre-WWI method where retail prices were set by food producers and processors. If retailers could fix their own price they'd be more

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Dare Foods Limited, bakers of innovative, quality products for 104 years, is proud to have played a major role in increasing category value and volume with our Biscuit, Cracker, and Confectionery products.

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You'll move even more Pepsi with the one on the right.

That's because this bike is just one of the many impressive gifts your customers can get with our new continuity program, Pepsi Stuff. Now when they buy Pepsi, Diet Pepsi or Pepsi Max they'll collect points and earn items like discmans, jackets, watches and lots more. And Pepsi Stuff is supported by an exciting advertising campaign. So stock up. You'll pedal Pepsi like never before.

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DRINK IT. GET IT.

Congratulations Loblaw Companies Limited on your 75th Anniversary.

competitive. Even with lower prices they'd make money by selling volume, and customers would be attracted by the promise of saving money.

By the end of the drive, Loblaw had made a deal with Cork. Cork would put up part of the capital and take over management of the first Loblaw Groceteria. For the next 15 months, Loblaw continued as manager of the UFO, leaving Cork in charge of the new store which opened in June 1919.

On a Saturday night in December of the same year, Cork took a representative from Canadian Grocer on a tour of the store. Many grocers were skeptical of the success of the groceteria style, claiming that customers wanted service and that the popularity of self-serve was only a response to the high prices left over from the war. They predicted that groceterias would disappear as soon as prices went back to normal. Five months after the store opened, even Cork expressed reservations about competing with the service offered by old-established grocery stores. Despite misgivings, however, Cork said the first Loblaw Groceteria was one of the "busiest stores in Toronto, on Saturday night especially."

The store was divided into three sections: an entry, a sales room and a store room. From the entry, customers passed through a turnstile, helped themselves to a market basket and set off to select the food they wanted to buy. At the front of the store, the shelves were packed with brand name bottled and canned goods, all plainly tagged with price. Further back were teas, coffees, fancy biscuits and cheese, all wrapped ready to carry home. Each package was clearly marked with quantity, price per pound and gross amount so that it wasn't necessary to consult sales people. In the middle of the store was the dried citron and fruit, and the refrigerator for perishable products such as butter, margarine and shortening. The back of the store held flours, cereals, sugar and soap.

After shopping, the customer carried her basket to one of the counters near the exit. Here the purchases were totalled on an adding machine which provided a sales slip for the customer. As she paid, the groceries were packed into a bag for her to carry home. The market basket was returned to the pile near the entry, ready for the next customer.

Cork said average daily sales were over \$2,000. "We can undersell the ordinary grocery because we buy in large quantities, our running expenses are low—7 to 8% as compared to 18 to 20%—and the business is strictly cash. At present the selling force is eight. Any other store doing our volume of business would need at least 20 people. One third of our weekly sales are made on Saturday, but clerks are kept busy packaging goods or replenishing wares on display."

CONGRATULATIONS to Loblaws on its 75th ANNIVERSARY



Coca-Cola Foods Canada Inc.

is proud to be a
part of your success!

To a continuing *Canadian Tradition*
we extend our Sincere Compliments and Congratulations
to LOBLAW COMPANIES LIMITED for
75 YEARS

of distinguished Leadership, Growth and Success in servicing the
North American Food Industry. As a supplier celebrating our
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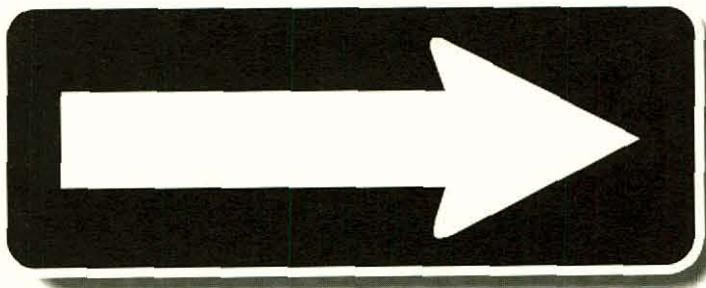
Incorporated in 1921

Despite the popularity of the groceteria style of shopping (almost a dozen such stores had opened in Toronto in 1919), some defects were apparent from the customers' point of view. They complained the best fruit and vegetables went to the early shopper, stores didn't carry bread and milk or other perishable products, and the customer was out of luck if the goods selected deteriorated in quality or became broken in transit to their home. But these criticisms didn't daunt the budding chain.

In 1921, Loblaw Groceterias Ltd. had two stores in operation, the second was Cork's own store on College St. which had been transformed into a self-serve. Loblaw and Cork then incorporated Loblaw Groceterias Co. which acquired the assets of the first company. The two original founders took an equal ownership in the voting shares of the new company, the balance of the capital stock being sold to friends and investors. Loblaw was president and general manager and Cork vice-president in charge of merchandising.

Circa 1925, College and Palmerston





The One & Only™ way to increase your profits.

Unico's One & Only Meal Kits come complete with everything your discerning customers need to make fast, gourmet Italian pasta dinners for four people. Featuring 4 delicious flavours, each kit contains specialty-cut or flavoured pasta, a premium sauce, parmesan cheese, a unique topping for each flavour, and a One & Only recipe booklet with \$6.50 in coupons inside.

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Soon they added the store of Charles B. Shields, another leading Toronto grocer, and shortly after, Shields became the director in charge of general equipment, transportation and store locations. Over the next two and a half decades, he would play the important role of selecting locations for new stores across Ontario.

By 1922, Loblaw Groceterias Co. had eight stores and total gross sales of nearly \$2 million. Three years later there were 25 stores with total gross sales of \$6 million, and by the middle of 1928, the chain had expanded to 69 stores taking in a total of \$15 million. In less than 10 years, the distribution system estab-

Charles B. Shields

lished by Loblaw and Cork had evolved into a sophisticated retail business.

Self-serve stores bearing the Loblaw Grocerias name had sprouted up all over the province, from Owen Sound to Ottawa, from Brockville to Windsor. The company had also crossed the border into the U.S., founding subsidiaries in New York State, Pennsylvania and Chicago, Illinois. Every feature of Loblaw's stores were up to the minute—rotunda rest rooms, drinking fountains, artificial refrigeration, modern electric lighting, good ventilation and the latest equipment in the packing departments. Averaging 3,000 sq. ft. of selling space, each store had the objective of doing \$250,000 of business annually. And, according to T.P. Loblaw in 1928, on average, that goal was maintained.

Loblaw flyer from 1928.

Ads like this appeared in newspapers all over Ontario and were followed by "correct store displays and announcement cards."

In 1948, newspaper ads by Loblaw Grocerias Co. Ltd. won a prestigious advertising award in New York City. It was the first time a Canadian organization received the award.

LOBLAW GROCERIAS WESELL FOR LESS

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Specials ARE ON SALE EXCEPTIONALLY LOW PRICES

Fridays, Saturday & Monday

July Peaches

ASPARAGUS

3 lbs. 39c

FEATURING THIS WEEK

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H.P. SAVOY

One Cubes 24c

GROCERIES

For Your Summer Home

Marmalade

SHRUBBIES

ORANGE

46c

OPENING

In March of that year, Loblaw gave a talk to the Ontario Retail Hardware Association on the subject of chain stores. "I was told hundreds of times after I went into the chain store business that it could not be done. I believed it could be done and had a fairly clear vision of a plan of procedure. When

From our family...



...to your family

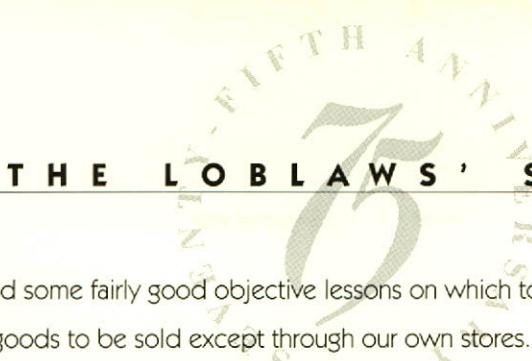


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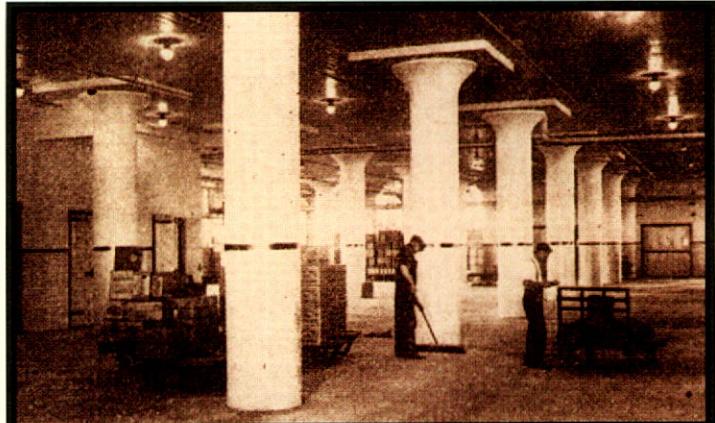


I started I had some fairly good objective lessons on which to base a plan:

- No goods to be sold except through our own stores.
- No business done on any special arrangements with hotels, institutions or boarding houses.
- No delivery.
- No credit."

Loblaw told of how he eliminated slow selling lines by installing simple systems for knowing how any particular store stood at any time. He also devised a method for keeping the buyer on his toes by putting the selling price on the copy of the purchase order even if the goods weren't going to be sold for six months. "If the manager is away when the goods arrive in the store, the clerk who has the purchase slip can tell at a glance what the goods must be sold for and he can go right ahead without any hold up. That plan is a winner of confidence. The chain stores have won the confidence of the public because they know when they get a price from the chain store that it is a standard price and is likely to be so near the lowest possible price that it will not pay them to shop around any further."

One factor keeping the company's prices low was the practice of buying most lines handled in Loblaw stores direct from farmers or manufacturers. Goods were transported in carload lots. Everything was bought and sold for cash, allowing for the best discounts and eliminating the possibility of losses through bad debts. All Loblaw Groceteria Co. stores displayed the sign "We Sell For Less", confident they were providing customers with the best deal in town.



Interior view of the new Loblaw warehouse in 1928. Covering two and a half acres, the warehouse cost \$1.3 million and was outfitted with the latest and most elaborate labor-saving devices ever installed in a grocery warehouse at the time.

Middle years: confidence in hard times

The company's optimism for the future was marked by the opening of a huge new warehouse furnished with the most modern equipment available in 1928. Until then, Loblaw Groceterias had been operating out of a warehouse on Bloor Street West which they

Question:

How does a 75 year old stay in Great Shape?

Answer:

By continuously meeting changing Consumer Needs.



Everyone at Hostess Frito-Lay wishes to extend

our congratulations to the Loblaws Organization for their

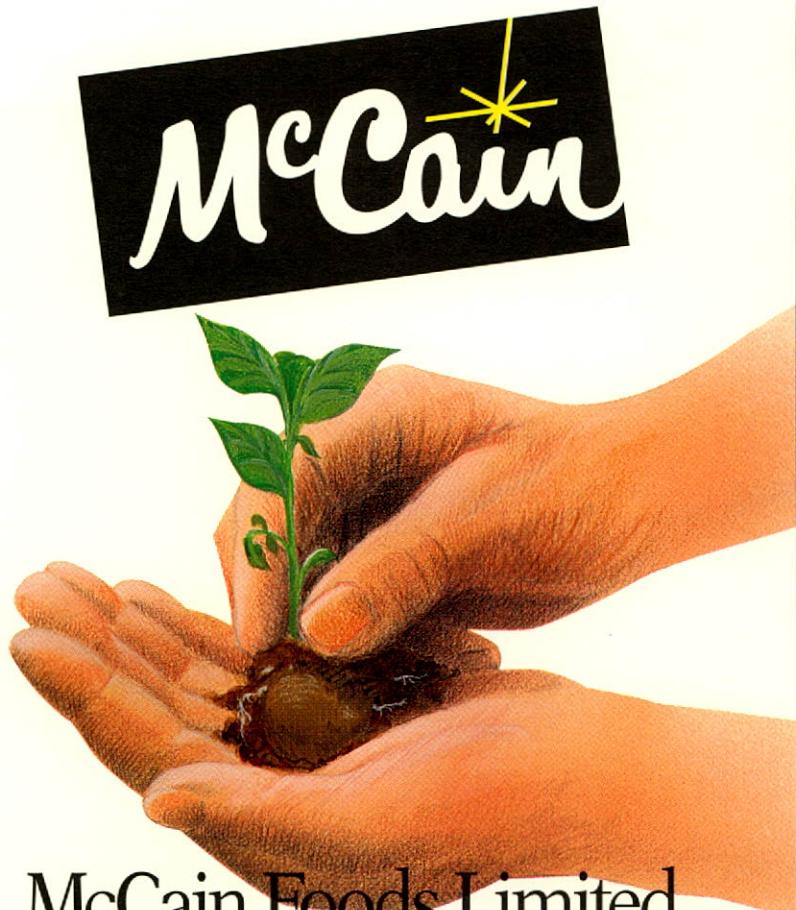
industry leadership and consumer dedication

over the past 75 years.



sold to a Chicago manufacturer of vending machines. The new building, combining head office and warehouse, took up two and a half acres at Fleet and Bathurst streets near the lakeshore. It cost \$1.3 million to build and was expected to save \$100,000 a year in operating expenses.

Canadian Grocer reported on the wonders of the new warehouse in October, 1928. "Employees in the warehouse in every department work under good conditions. Modern machinery eliminates all heavy lifting. Seven or eight freight cars can be backed inside the building at one time. As these are unloaded, the goods are put on trucks and conveyed to their respective locations. Stocks for the various stores are arranged around one of the big warehouse rooms similar to the arrangement of stock in each of the retail stores. When an order comes in, a carrier truck is lifted by machinery, by means of an overhead track which runs around this warehouse and the goods are picked up according to the orders and taken to the waiting motor truck beside the long zig-zag platform capable of accommodating about



McCain Foods Limited... Growing Worldwide

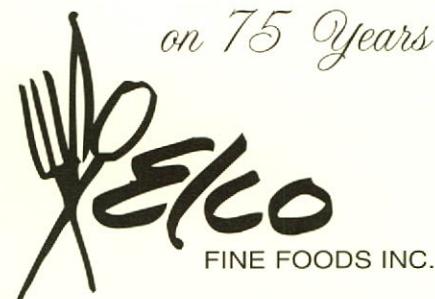
From the beginning, McCain Foods growth and success have been supported by our major customers. Congratulations to Loblaw Companies Limited on their 75th Anniversary!



Canada's International Food Company

*Congratulations
to
Loblaws*

on 75 Years of servicing your customer's needs.



*From the distributors of Hero Preserves, Bigelow Tea,
Kuehne Products & Oetker Baking Products.
All fine products available at Loblaws stores.*

Ault

Congratulates
**LOBLAW
COMPANIES LIMITED**

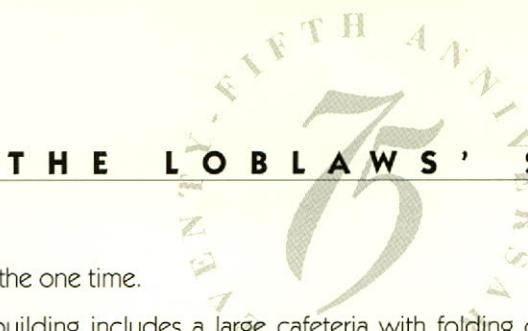
*on the
occasion of their
75th Anniversary*



AULT, CANADA'S FINEST DAIRY PRODUCTS



Ault Foods Limited
Les Aliments Ault Limitée



25 trucks at the one time.

"The building includes a large cafeteria with folding doors which can be opened when required to complete a large auditorium. There is also a recreation department for bowling, billiards and quoits. There are cold storage rooms for storing butter, eggs, cheese and other perishables; departments for the making of salad dressings and fruit cake; a laundry department where all white coat and aprons are washed and laundered; a large bright accounting room; a carpentering department where fixtures for the different stores are made; a large department for storing automobiles belonging to the employees; and a tea blending room."

The *Mail and Empire* newspaper also described in great detail the six massive freight elevators, "all automatically operated and micro-leveling"; the electric tram rail which ran 2,000 ft. through the assembly room; the vertical skylights which opened and closed by automatic electrical mechanisms; the 22,000 ft. of piping through which two tons of ammonia circulated to cool the temperature for butter, eggs, bacon, cheese and nuts; the four giant electric ovens where more than a ton of cake and half a ton of cookies were baked every day; the huge drum which blended a whole ton of tea; and the electrical machine used for invoicing and ordering.

New machinery put up 5,000 jars of mayonnaise each week, labelled with the company's own brand name—Shield Brand after Charles B. Shields. Four hundred jars were filled in 15 minutes. One machine washed and sterilized the jars and at the turn of a lever, the cooked product spouted out to fill the jars as fast as girls could put the jars under the spout. Neither mayonnaise, nor the ingredients were ever touched by hand. A conveyor belt carried the jars past girls who capped, labelled and wrapped them.

By 1928, Loblaw was distributing its own brands of butter, bacon, coffee, cake, cookies, candy, peanuts, peanut butter, mayonnaise, eggs and gingerale. All were manufactured, compounded and/or packed in special plants within the warehouse, factory and office building.

Fruit and vegetables came from all over the world under the direction of Justin M. Cork, son of J. Milton Cork. More than 220,000 California oranges were shipped to the Loblaw warehouse weekly in season and then sent out by truck to the stores. Lemons from Italy, grapefruit from Florida, apples from B.C., onions from Spain and Egypt, potatoes from Virginia and New Jersey, and pineapples from Cuba arrived regularly according to season.

At the time, Loblaw Groceterias was running a net profit of over 5%, about twice the



CORPORATE FOODS LIMITED

A family of leading companies in fresh baked breads and rolls,
frozen bakery products and specialty pastas and sauces.



Happy 75th Anniversary Loblaws!

average made by big chains in the U.S., and J. Milton Cork told shareholders he expected the new warehouse to maintain or increase the ratio of net profit to sales. The company had every reason to look forward to the future. In less than a decade, Loblaw Grocerterias Co. had become the second largest grocery chain in Canada, topped only by Dominion Stores. And, although Loblaws had only 71 stores compared to the 550 stores Dominion held in Ontario and Quebec, Loblaws' total sales weren't far behind the \$24 million Dominion totaled in 1928.

When the stock market crashed in 1929, the economic crisis slowed expansion for the next few years. According to one story, the crash might even have ensured the survival of Loblaw Grocerterias Co. Bert Huston, Canadian Grocer reporter and editor for many years, wrote in 1967: "There's an interesting story concerning Dominion and Loblaw in 1929. Both were making big money. Loblaw and Cork had made maybe a couple of million each (a guess). The business was offered for sale through a New York broker, it was said. One day Pentland walked into Loblaw headquarters and asked how would they like to work for Dominion. Whatever was said, there was quite a 'hullabaloo' over the proposed sale. The newspapers ran some editorials and created a lot of talk. Pentland had agreed to pay a certain price for the stock (\$25 a share some claimed). But later in 1929 the stock market crashed and the deal was off."

Changes at the helm

Without a buyer for the business, Loblaw and Cork carried on through the years of economic depression, gradually adding new stores even as falling commodity prices lowered earnings. In 1930, there were 95 stores with average earnings per store of \$12,530. Two years later, 104 stores earned an average of \$11,577. In 1933, three more stores expanded the chain, but earnings dropped further to \$10,770. Yet, considering the times, Loblaws wasn't doing too badly. During the same period, its rival Dominion was closing stores and watching profits decline by 30% and sales fall 15%.

The business rivalry between Dominion and Loblaws didn't extend to the personal relationship between the companies' executives. In February 1933, the food industry held a banquet to honor Cork on his upcoming marriage. Seated at the head table was Dominion head William Pentland. Amidst songs, jokes and fishing stories, T.P. Loblaw got up to say that much of his success he owed to his friend Milton and he told of how kind the Cork family had been to him 42 years before when he'd gone to work in their grocery store. Cork for his

IT'S BAGELS AWAY!

It's Easy. It's Flexible.



Bag big profits with bagels for your in-store bakery.

Bagels are one of the hottest breakfast/specialty food items in the country today—industry sources report that bagel sales for in-store bakeries have grown by 18 percent! Now the Hobart Bagels Away! retail bagel production package gives you everything you need to get your slice of the bagel bonanza. Bagels Away! is a flexible, productive equipment package that will raise your bakery operation above the competition with hot, fresh bagels. Bagels so deliciously tempting your customers—old and new—will keep coming back for more.

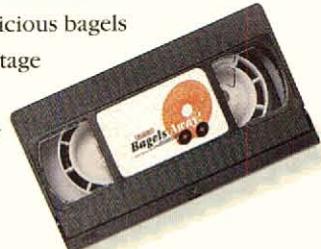
Everything you need for a profitable bagel operation.

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Systems Solutions For Retailer Profits.

part said that Loblaw always gave him advice: "When it comes to getting something you want, don't procrastinate."

The next night after the banquet, William Pentland was killed when his motor car struck a safety standard on St. Clair Avenue. T.P. Loblaw acted as one of the pallbearers at the funeral. Not long after, Morley Smith was named president of Dominion Stores Ltd.

On April 2, 1933, Loblaw himself died suddenly from an infection acquired after a minor sinus operation. He was 61 years old and had been in the grocery business all of his adult life. At the next annual meeting held in July, Cork was elected president and general manager of Loblaw Groceterias Co. to fill the position previously held by Loblaw. Charles Shields, already vice-president since 1929, became assistant general manager; Daniel Urquhart, secretary and treasurer, was made vice-president. M.W. Waddington filled the vacancy on the Board of Directors.

At the same meeting, Cork reported on a new venture in the company's retail business. Earlier in the year, Loblaw opened its first store to sell meats, fruits and vegetables in addition to groceries. Called a "brand new type of meat and vegetable market" and the "first of its kind in Canada," the concept was a marked departure from the established Loblaw principle of self-serve.

Canadian Grocer described the first such store which opened at 1204 Bloor Street West in Toronto: "The store is connected by an archway between the grocery department, which is self-serve, and the meat section which is fairly narrow. Modern type fixtures and equipment and a white interior finish make it attractive and clean in appearance. Customers may enter either from the street into the meat section or through the archway from the grocery department. Inside the entrance on Bloor Street is a single turnstile, so no one can depart the same way. Each customer must leave through the archway into the grocery section and check out in the usual way.

A basket is first picked up from a rack on the right. On the left, toward the front is the



The Loblaw store at 1204 Bloor St. West showing the new system for selling fruit and vegetables, and meat with groceries in 1933. An archway connected the meat and produce section to the grocery section in this store. This was the first store of its kind in Canada and the concept gradually spread to other locations.

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vegetable display. This makes an inviting appearance with the various lines of fruits and vegetables banked up pyramid fashion by specially-constructed fixtures. Oranges, lemons, grapefruits as well as all kinds of fresh vegetables domestic and imported. A mechanical water spray keeps the vegetables fresh. A sign over the department calls for service by the vegetable man. He has a computing scale on a near-by table to weigh up the parcels and the price is marked on the outside of the paper bag with a blue pencil.

The customer then passes on to the meat counter, placing her basket on the shelf just below the glass top. It is slid along to the spot where is located the particular cut of meat desired. This counter is refrigerated from a machine in the basement that takes care of the dairy products counter in the grocery store proper. There are all kinds of cuts of meat, including steaks, roasts, chops, headcheese, cooked rolled meat, bacon and ham. At the rear of the display counter are sliding doors where the salesman picks out the cuts selected. If a customer desires something she does not see, it will be cut for her.

Carcasses are carried at the rear in a refrigerated box, the front of which is seen through glass. A curtain back of the display of carcasses in this refrigerator shuts off the view of the interior of it from the store, but shows up the carcasses. To the left of this refrigerator is a meat cutting section at the rear and meats are also cut on a block back of the counter. Three computing scales are used in this section to give quick service. The stands on which these scales are located drop down a little into the display proper, so as to conserve space. Back of the counter are a few shelves for the display of lard and shortening and a meat rack holds hams and side of bacon.

Each purchase in the meat section is parceled and the price marked with a red pencil.



The meat department in the first new "super" Loblaw market which opened in Hamilton in 1933. This store was different from others because the grocery and meat departments could be viewed from the front of the store. The check out was in between the two departments.

Congratulations on your 75th Anniversary!

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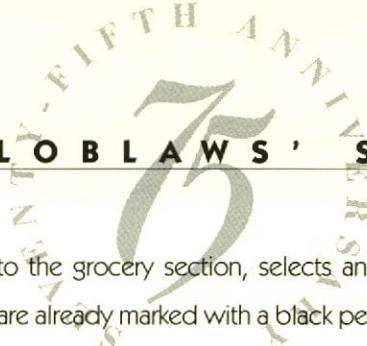
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LEVER POND'S



The customer then goes into the grocery section, selects and picks up the merchandise desired from it. Prices there are already marked with a black pencil. Then when the customer reaches the checker, four newly installed cash registers, equipped with department totals, are operated to separate the sales in each section—fruits and vegetables, meat and groceries—and to provide the total purchase, so that no errors are possible in addition.

Checkers know at a glance from the color of the price mark how to credit each department. The customer gets a cash register slip, showing each purchase and the section in which it was made with the total amount of the bill. The checker simply touches the grocery key to show that a particular item was bought in that department; the meat key for a meat purchase and vegetable key . . .

The company is thus provided with full particulars as to how each department is progressing, as at the end of the day the totals are provided in the machines showing sales from each section. Another feature is a "Special" key on each to take separate sales for a day, a week or a month on any particular item."

Royal Commission of 1934

Within a year of this store's opening, 22 Loblaws stores were selling meat, fruit and vegetables. Advertising used the catchy slogan "Food Freshness is Loblaws' Silent Salesman." At the 1934 general meeting, Cork reported that average net sales had gone up 4%. Profits and profit on sales continued to fall, but Cork was optimistic, remarking that in recent months, net profits had shown to be advancing and dividends had increased.

During the same year, the Royal Commission on Price Spreads and Mass Buying Enquiry began an investigation of the chain store business. Chains were accused of unethical practices—short changing weights, buying in mass to lower costs and paying low wages. Auditors poured over companies' books looking for irregularities. Executives were called to testify before the commission.

It was around this time that George Weston Ltd., now headed by Garfield Weston, began selling biscuits to Loblaws Groceries Co. One of the topics discussed during testimony of the commission was a deal made between Weston and Loblaws for 55,400 pounds of "Wedding Bell Creams." An independent retailer had complained that he couldn't sell the same biscuits in his store because Weston made them exclusively for Loblaws. The investigator took the attitude that a big buyer had the power to ruin the market for a standard product and an independent retailer was helpless and discriminated against.

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At the time, chains accounted for 25% of the grocery business, with independent stores taking the other 75%.

By January 1935, Prime Minister R.B. Bennett was calling for reforms to protect against "exploitation of producers by monopolistic purchases and certain types of middle men and distributors who are economic parasites."

In the spring, the official report of the Royal Commission offered its verdict on the practices of trade discounts, free deals and premiums, advertising allowances, short weights and misleading advertising. Although criticizing chain stores as "destructive and uneconomic," the commission also found that the chain store had set a new and better standard of retail merchandising. The report also said, "The chain store development is slowing up . . ."

Despite these strong words, Loblaw Groceterias Co. wasn't affected much by the Royal Commission. The July 1935 financial statement showed an increase of 4.8% in sales and only a small decrease in profits. Average store sales ran at about \$140,000. Cork attributed the sales increase to the further addition of meat, fruit and vegetable stores. By now the company had 34 of them, as well as six groceteria handling fruit and vegetables. Further market stores were planned for the next year.



LOBLAW GROCETERIAS CO. LIMITED

Loblaw window in 1944 showing new style of plate glass which allowed a clear view into the interior of the store.

War and recovery

By the beginning of the Second World War, business was booming for the Loblaw chain, but as the fighting dragged on, sales were hit by rationing and government price controls. In 1942, total sales reached \$39.5 million, a drop of more than 8% over the previous year. The average sales per store had fallen to \$346,000 compared to \$377,000 in 1941. Net profit declined from 4.8% to 4.3%, an indication of higher costs.

Referring to the past year's business, in 1943 Cork stated the results were in line with the company's policy of operating strictly in compliance with government regulations and restrictions while at the same time trying to obtain a reasonable return on invested capital.

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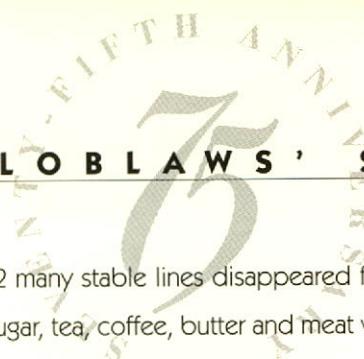
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hard to help grow your
business, and we thank
you for helping to grow ours.

Congratulations
Loblaws on your
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McCormick





He said: "During 1942 many stable lines disappeared from the market or became in short supply. Rationing of sugar, tea, coffee, butter and meat was also put into effect at various dates. These restrictions on business created many unusual problems and substantially increased operating costs."

Like most businesses during the war years, the grocery industry faced a labor shortage. Over 1,000 Loblaw employees left to serve in the armed forces. They were largely replaced by inexperienced women. The war preoccupied those left at home—the company's employee newspaper reported on air-raid drills and fund-raising drives to help the war effort. In 1942, the employees' Aid-To-Britain Club raised \$2,500 to purchase a mobile canteen which they presented to the Salvation Army. Euchre and dance events raised money to provide Canadian soldiers with cigarettes.

Despite the hardships, grocery chains in general made headway, securing more than 30% of the business vis-a-vis independent grocers by 1942. Within the chains themselves, combination stores claimed more than 80% of the market. By 1943, the big four chains represented two-thirds of the total business done by grocery, combination markets and meat market chains in Canada. Loblaw Groceteria Co. led the pack with total sales of \$41 million, followed by A&P with \$30 million, Dominion Stores with \$27.6 million and Safeway with \$25 million.

As the war dragged to a close, the industry began planning for the years to come. In 1944, Canadian Grocer commented on the reconstructions and remodeling that "progressive grocers" would undertake at the end of the war. "In the future—*independent as well as chain*—will cater to the customer who likes to serve himself." More and more grocers were catching on to something Cork and Loblaw had started 25 years earlier. Features predicted for new stores included theatrical spotlights; shelving which, by the touch of a button, would move down to the basement to be refilled; air conditioning; and doors which opened and closed by electric eyes.

In his address to shareholders in the summer of 1945, Cork said that careful consideration had been given to the planning for the postwar period. Plans included reinstatement of all employees from active service and a resumption of the expansion which had been interrupted by war. Locations throughout Ontario had already been acquired as sites for modern markets. Although further shortages of certain products were expected as Canada continued to ship food to war-devastated Europe, Cork said some "items of food not seen on the store shelves for many months" would appear soon. And he said there should be no

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A 1995 study shows that 100 grams of roasted chicken, breast meat only, contains 2.1 grams of fat and only 153 calories, that's 1.5 grams less fat and 12 fewer calories than the 1986 Canadian Nutrient File information.



Canadian Chicken

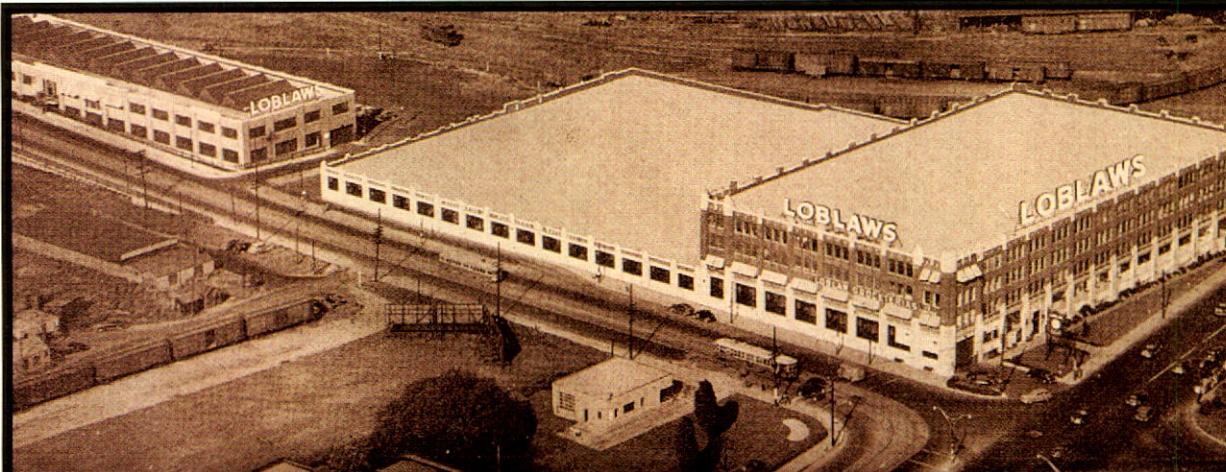
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apprehension that Canada couldn't sustain a relatively high standard of living.

The first large-scale stores

Two years later, in 1946, the company was again in the midst of expansion and revitalization. Sales in the first three months of 1947 were \$3 million ahead of the year before. Prices were rising however, and gross margins were harder to maintain as markups had gradually fallen over the years. Cork said he believed the company had a big responsibility to the public to hold down prices as much as possible. Meanwhile, store developments went forward—six new store buildings were erected as modern food markets. (Loblaw had 113 stores by mid 1947 with average sales of \$476,000, believed to be the highest average on the continent for a large chain.) As well, some of the current stores were remodeled to "provide an increased capacity for handling business and give better shopping services to customers." New supermarkets included parking lots and were added wherever possible to restyled stores.



View of head office & warehouse at Fleet and Bathurst streets, Toronto.

Three of the remodeled stores were in Toronto, and although there was some difference in the location of departments, the design of the three large-scale operations was basically the same. Each featured new lighting which used semi-indirect ceiling fixtures to spotlight merchandise displays and department signage. A prominently segregated coffee department was fitted with two electric coffee grinders for use by customers. Fresh fruits and vegetables were sold largely self-serve and pre-wrapped, sent up from the basement via an escalator. Open-top self-serve frosted food cabinets stretched across the back of the store.



*The Canadian Council of Grocery Distributors (CCGD),
the association representing the country's supermarket industry,*

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Loblaw Companies Limited

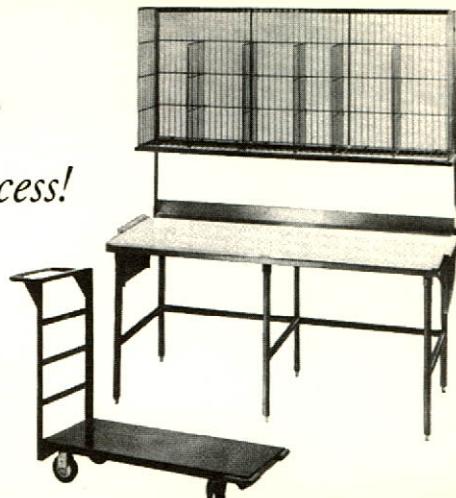
on the occasion of their 75th anniversary.

*We wish them continued success in
providing distinguished service to their customers,
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Congratulations
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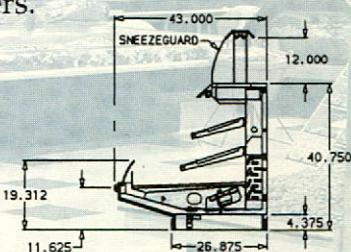
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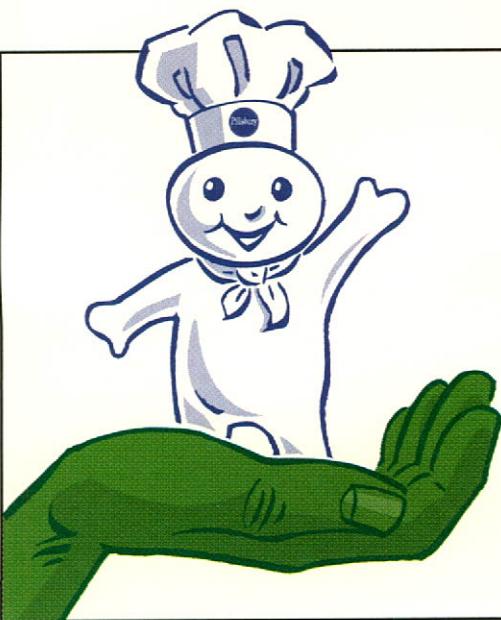
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A STAR IS RISING

Additional warehousing and manufacturing space was obtained through the lease of 130,000 sq. ft. in a former war plant building. The company also purchased a large area of land formerly owned by the Canadian Pacific Railway on the west side of Bathurst St. As well, the company leased lands to the east of the main plant on Fleet St. The new space would be used to erect a manufacturing and processing building, and a modern fruit and vegetable warehouse.

During the same period, Loblaw Groceterias Co. created an employee pension plan and a personnel department to help "maintain the loyalty, efficiency and good will" of the company's 3,071 employees. The Quarter Century Club was established to honor those with 25 years of service and by 1947 had 20 members.

Major executive changes took place as well in 1947. In the late winter, Charles B. Shields, vice-president and general manager, died suddenly while on vacation in Florida. A few months later, J. Milton Cork stepped down as president and his son, Justin M. Cork, moved from vice-president and assistant general manager, into the position of president and managing director. A new office, Chairman of the Board, was created for Cork senior. Another important appointment at the time was George Metcalf to the board of directors. Years of selling chocolate for Wm Neilson Ltd. had given Metcalf a strong connection to Loblaw Groceterias.

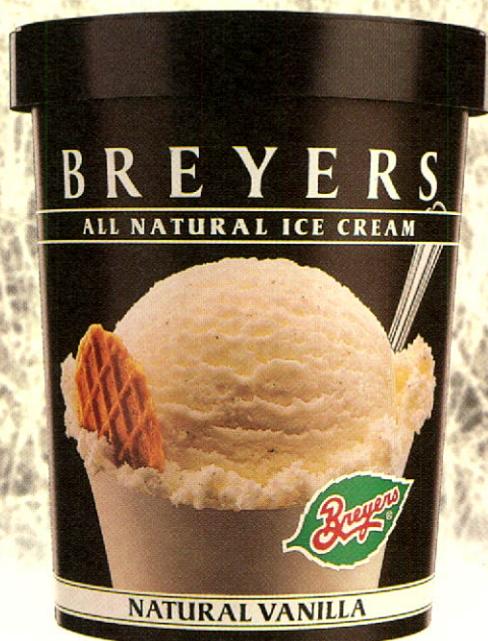
But the most major news of the year was the purchase of 110,000 Class B stock by W. Garfield Weston, head of George Weston Ltd., from J. Milton Cork. At 77 years of age, it is said that Cork was taking the precaution of putting his estate in liquid form so that in the case of his death there would be no problem with succession duties for his heirs or the company. Although only representing 26% of the voting stock of Loblaw Groceterias, the purchase would have lasting implications, eventually propelling the company into another era of change and development.

"Ready for New Fields"

Garfield Weston's purchase of the Loblaw stock was a logical step in his rapidly expanding empire. After taking over the family's bread business when his father died in 1924, Weston added a growing number of interests in Britain, the United States and Canada. By 1947, he was the world's biggest and wealthiest baker with control of companies manufacturing candy, biscuits, paper and wholesale groceries, fruit and vegetables. Western Grocers Limited, a grocery wholesaler in the prairies retailing products through the

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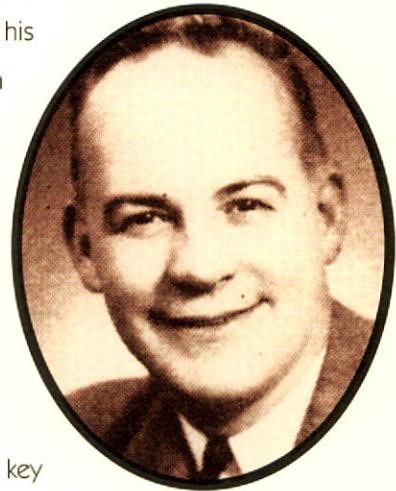
*Registered trademark used under licence. Good Humor-Breyers, Burlington, Ontario L7R 3Y5

Red and White Stores, was acquired in 1944.

For the next few years after buying the Loblaw stock, Weston stayed in the background as Justin Cork continued to modernize and expand the chain founded by his father and T.P. Loblaw. In 1948, George Metcalf was appointed vice-president and assistant general manager of Loblaw Groceterias. In his President's Report, Justin Cork reported a whopping increase in the average sales per store from \$476,520 to \$630,800. Loblaw had added five units and total sales rose 35%. But still, net earnings didn't match the rising sales dollars. Profits per \$100 of sales were \$2.06 compared to \$2.27 the previous year. The costs of doing business continued to mount, especially wages and the cost of merchandise. Keen competition was holding margins down.

The company erected a number of large markets at key business locations where new and additional volume of business could justify the high building costs. A new store in Brantford, Ont. was said to be the largest in the Loblaw chain and the biggest market in Ontario. With a staff of 90, the store featured a large serve-yourself section in the meat department, a donut machine turning out fresh cooked donuts under the eye of the customer, and a 150-car parking lot. Merchandise was unloaded from a truck right within the building. Similar large stores were being built in Cornwall, Ottawa and in Toronto's Leaside area. Expansion continued in 1949 with large supermarkets replacing smaller units in Toronto and Hamilton and sales rose that year by 18.8% to nearly \$87 million.

Growth accelerated during the 1950s. By January 1953, Loblaws' total dollar sales of \$180 million had surpassed its nearest rivals by \$65 million. Chain stores now captured 38% of the market compared to independent grocers. Canadian Grocer reported, "At one time Dominion operated 541 stores in 1928 with sales of \$23 million while in 1952 had 215 units and sales over \$99 million. A&P had at one time over 300 units and today has 120. On the other hand, Loblaw has seldom closed a store, either replacing smaller units with larger ones or opened in new locations. During the war years, the company operated 113 almost constantly. In 1945, sales were \$45,735,000 whereas in fiscal year ended last May they were \$157,700,000 with about 142 units."



George E. Metcalf in 1948 when he was made vice-president and assistant general manager of Loblaw Groceterias Co. Ltd. Within a few years, Metcalf would be running the grocery chain as well as George Weston Ltd.



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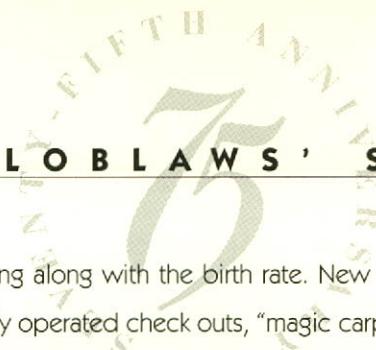
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Business was booming along with the birth rate. New stores featured huge parking lots, glass fronts, electrically operated check outs, "magic carpet" doors, 100% self-service meats, large frosted food departments, and the name "Loblaws" printed in six-foot letters brilliantly illuminated by tubular lighting. A company contest sent an employee to England to attend Queen Elizabeth's Coronation in June, 1953, and Garfield Weston sponsored a trip for 50 Canadian girls to go too.

That same year, further Class B shares of Loblaw Groceterias Co. shares were acquired by Bansco & Co., understood to be acting as nominee for Garfield Weston. It was believed that Weston then held control of 300,000 of the 508,300 Loblaw shares issued. Weston was also reported to have acquired shares of Loblaw Inc., the American subsidiary, from the late F.K. Morrow, giving him practical control of that firm as well. George Metcalf, vice-president and by now general manager of Loblaw Groceterias Co., was appointed to the board of Loblaw Inc. Rumors circulated that the two companies would merge although many wondered how they could be operated as one when "they are in two different fields and purchase to a large extent different branded products."

That same year, Loblaw Groceterias joined the promotional frenzy sweeping through grocery retail. To publicize the opening of Loblaws' biggest supermarket on St. Clair Avenue West near Bathurst St. in Toronto, the company featured a draw for a new motor car, a television set and a refrigerator. To participate in the draw, shoppers at the new store were required to answer the question: "What is the name of Loblaws' famous peanut butter?", sign their names and deposit the ballots in the ballot box. Names were drawn by Teeder Kennedy of hockey fame and the person had to be present to win. The event was held on the St. Michael's sports field next to the company's parking lot and it was estimated from 15,000 to 20,000 were on hand. Traffic in the early evening was stacked up for several blocks.

Weston takes control

In the fall of 1953, as Weston announced control of Loblaw Inc., Justin Cork gave his last report as president. The company now had 150 stores, sales were up 12% and net profit was at a record high. "Prices at wholesale and retail levels generally are well stabilized. Competition is keen but with the continued fine teamwork of the men and women who make up the personnel of the company, I believe we are prepared to meet successfully any competitive situation which may develop."

Soon after Cork spoke to shareholders, George Metcalf replaced him as president and

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general manager of Loblaw Groceterias Co. Justin Cork moved to chairman of the board and his father became honorary chairman. R.G. Meech continued as vice-president and secretary treasurer and George E. Huffman, vice-president of merchandising, became assistant manager.

The annual meeting was described in Canadian Grocer as "stormy." Shareholders held a long and acrimonious debate about a block of 25,000 shares Metcalf had been awarded for service and then sold for a profit. But Metcalf finally received support from the majority of shareholders who approved of what he had accomplished in obtaining control of the U.S. firm. At the same meeting, with the planning of 20 new supermarkets known, Metcalf remarked, "We'll soon be ready for new fields."

Over the next several years, Metcalf was true to his words. By 1954, Loblaw Groceterias Co. had purchased controlling interest in Loblaw Inc. A year later, Garfield Weston's company acquired interest in National Tea Co., the fifth largest food chain in the U.S., and there were rumors that Weston was negotiating for Safeway Stores Inc. Although the Safeway deal never materialized, Weston did purchase Pickering Farms Ltd. in Toronto. The next year, OK Economy Stores Ltd. in Saskatoon, and the Toronto-based York-Trading Ltd. and National Grocers were added to the Weston group.

In 1956, a new holding company called Loblaw Companies Limited was incorporated to operate Weston's grocery interests in North America and it acquired control of Loblaw Groceterias. Two years later, Kelly, Douglas and Co. of Vancouver was purchased, and the next year, Dionne Ltd., a small grocery chain based in Montreal, and Atlantic Wholesalers Ltd., were taken over.

This dizzy rate of expansion continued into the 1960s when George Weston Ltd. bought Zehrs Markets in Kitchener, Donland's Dairy Ltd., the drugstore chain G. Tamblyn Ltd. in Toronto and Better Foods Inc. in Los Angeles. In 1962, Loblaw Inc. acquired controlling interest in National Tea Co. and the next year D.F.C. Inc. was formed to hold the U.S. interests and acquire control of National Tea Co.

But little of this activity was publicly known at the time. Metcalf had a passion for secrecy and kept a tight lid on news of acquisitions, even refusing to give shareholders straight answers when confronted with questions about profit margins and efficiencies. Stockbrokers and financial analysts are said to have hesitated about recommending Loblaw shares since they received so little information from the company. The media accused the Weston-Loblaw complex of hiding itself in a "veil of accounting obscurity" and called the Weston empire a "billion-dollar puzzle." Metcalf didn't care what they thought. He said



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Confectionately yours,

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The perfect word for chocolate.

secrecy was necessary to protect the company from its competitors (Dominion and Steinbergs which operated Miracle Mart stores in Ontario) and to prevent false speculation and false stock values.

The good times

Throughout this period, George Metcalf oversaw the number of stores operating under the Loblaws' name grow at a rapid rate. In 1961, with 211 stores in Ontario, the company reported that units in the planning stage were mostly in the 18,000 sq. ft. range. An exception was the big market due to open in Vancouver. The first B.C. Loblaws store was over 40,000 sq. ft.

Private label products, while confined to staple items, had developed extensively: Jack and Jill peanut butter; High Park, Pride of Arabia and Two Cup coffee; High Park, Cherry Valley and Apple Grove butter; Circle, Eaglebrook and Bluebell eggs; Red Label, Blue Label and Trumpet tea; Hostess ice cream, candy and biscuits; Alpine Club beverages; and Queen Anne chocolates.

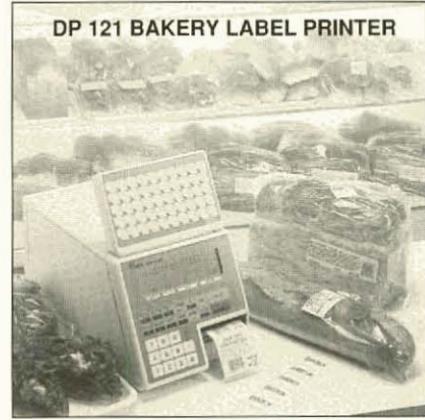
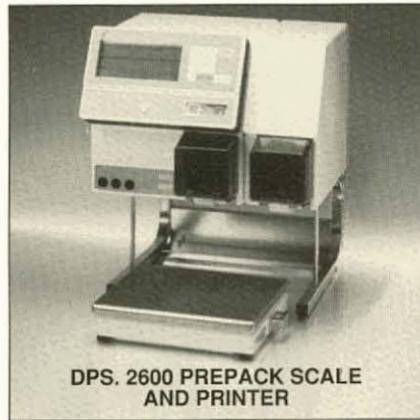
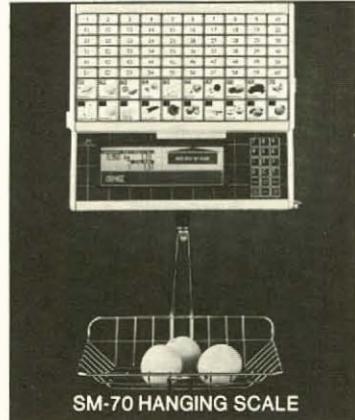
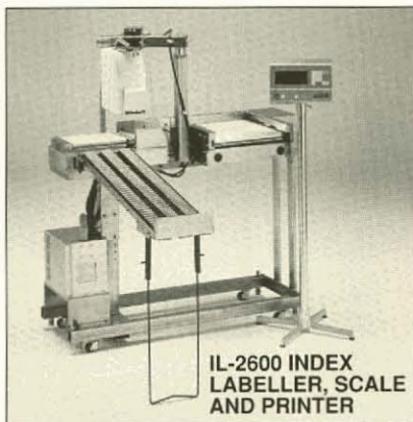
In 1964, Loblaws Groceterias reported the highest profits in its history and Metcalf told shareholders at the annual meeting: "Rarely have we started a new year when so many flags were flying in the right direction." He predicted an era of economic prosperity and social progress, a time when the changing population structure would create greater consumer demand. And Loblaws was ready for it: "Your company is now more broadly based, more solidly balanced in terms of product mix, more strategically established in international markets, in consumer appeal . . . more effectively integrated than ever in its history."

Consumer promotions were still a major part of competition between chains. Loblaws gave away football game tickets, cooking lessons and Lucky Green discount stamps. One story told about how the Lucky Green discount stamps first appeared in Loblaws stores reveals the attention-to-detail style of management under George Metcalf. According to an article published in Maclean's magazine, Metcalf assembled all his store managers at six o'clock one morning and announced that by the time the managers got back to their stores all the supplies for the stamp program would have been delivered. "Metcalf had conceived and stage-managed the whole production from clandestine printing of materials to secret deliveries at dawn. He had caught everyone by surprise—the public, the competition, even his own employees."

LOOK WHAT'S NEW

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The bad times

Astonishment over Lucky Green stamps was one thing, but the business world, including Loblaw stockholders, were in for a bigger surprise in 1966. At yet another government inquiry into price spreads, George Weston Ltd. was pressured to reveal the scope of its holdings. In December, the details on the corporate organization and control was submitted to the committee and to the Financial Post. For the first time, the company disclosed the full extent of the group: 150 active companies, 15 publicly held, 1,850 supermarkets and retail outlets, interests in another 1,500 franchise arrangements, 80 plants and 250 warehouses.

The bulk of the business was in manufacturing, wholesaling and retailing of food, but there was also interest in pulp and paper, toys, automobile accessories, refrigeration and even whaling. George Weston Ltd. was revealed to be the fifth largest retailer in the world.

Despite the phenomenal success the Weston company showed on paper, by 1967 there were signs that Loblaw

Congratulations Loblaws on 75 years of excellence.

Thank you for allowing us to be a part of your success!

The image features a variety of McNeil's Baking Products. In the foreground, there are piles of dried fruit and nuts. Behind them are several bags of McNeil's products: a green bag labeled 'TRADITION' with 'PITTED BAKING DATES - DATES DÉNOYAUTÉES', a blue bag labeled 'TRADITIONAL QUALITY BAKING PRODUCTS' with 'CHOPPED WALNUTS - NOIX HACHÉES', and a yellow bag labeled 'Raisins'. To the right, there is a bag of 'Sweetened flaked COCONUT'. The background is dark, making the products stand out.

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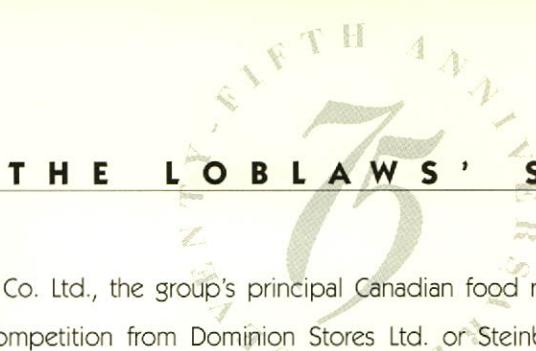
*50% less fat than regular pork side bacon makes it a nutritious way to enjoy bacon without all the fat!

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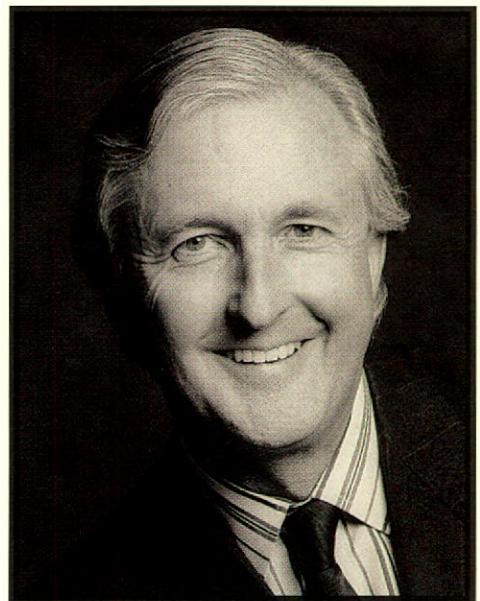


Groceterias Co. Ltd., the group's principal Canadian food retailer, wasn't doing well in renewed competition from Dominion Stores Ltd. or Steinbergs Ltd. Metcalf's style of laissez-faire financial management needed some shaking up. Garfield Weston hired an accountant, Keith Dalglisch, to set up a program of financial planning and controls and to help top managers keep track of costs and plan realistic profit targets. Six months later, Dalglisch was named president of George Weston Ltd. With sales and profits falling, further consolidation was put on hold in favor of financial controls and planning.

In 1968, Leon Weinstein (his family's Power supermarket chain was purchased by Weston in 1953) agreed to act as president of Loblaw Groceterias. Metcalf was left in charge of Loblaw Companies. The next year Dalglisch left Weston's and Ted Creber became the new president and managing director, continuing the plan to put expansion on hold and focus on inwardly generating profit growth.

The price wars in 1970 put tremendous stress on Loblaw. Dominion's "Deep Discount" program forced Loblaw and other chains to chop their own prices to catch up. In a few months, the balance of market share was altered—Dominion went from 30% to 49% while Loblaw Groceterias dropped from 30% to 15%. The loss couldn't all be blamed on price wars. The truth was, the Loblaw stores in Ontario were smaller than its rivals. They looked shabby and lacked staff trained in specialized service areas. Loblaw no longer had a take-charge approach to the market and had acquired the reputation as a price follower rather than a leader.

Garfield Weston asked his youngest son Galen to evaluate the feasibility of saving the Loblaw chain. The younger Weston had already spent years getting to know his father's business and the grocery industry, running his own successful chain in the U.K. He took up the challenge of rejuvenating Loblaw, becoming chief executive officer of Loblaw Companies in the spring of 1972. Then he brought over consultants from Fine Fair chain in England who told him that the name Loblaw had sunk so low in public opinion that he should change the name. Galen decided, however, that the chain still had enough equity in its name to keep it. What the chain also had was a debt of \$200 million. No serious changes



Galen Weston

Some things
get better with age.



Happy 75th anniversary to our friends at Loblaw's.
We hope our partnership continues to ripen
through the years.



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could be made without first making some financial deals and reshuffling assets. Galen also needed some good help to get Loblaw Groceterias back on its feet.

Re-inventing the company

In 1972, Galen Weston brought in his old school chum, David Nichol, as director of corporate development. Then Richard Currie joined the team as director of profit development. Crucial decisions were necessary to save Loblaw's Ontario operations—new management was needed at all levels, stores had to be closed, a new advertising campaign was imperative, and stores had to be remodeled.

Currie set about closing unprofitable stores, consolidating the retail and wholesale operations, and centralizing finance, real estate and procurement. Nichol recruited key new staff—Serge Darkazanli, Doug Lunau and David Williams—to head up purchasing, merchandising and business development. A design firm, Break, Pain and Watt Ltd., was hired to come up with a new corporate identity and to do the first remake at the Bayview and Moore Ave. store.

Hiring Don Watt to revamp a Loblaw's store was a gamble since he had little experience in grocery retail design. But, with sales and market share falling every year, Weston was faced with a do-or-die situation in which there was little to lose. Nothing short of a complete overhaul of the retail format would save the ailing chain and rebuild customer loyalty. Watt agreed to work for cheap, promising a miracle remake on a budget of \$30,000. Weston reportedly told Watt: "If it works, good. But if it doesn't,

Loblaw's is in such trouble that it doesn't matter."

Watt had his work cut out for him at the deteriorating Bayview and Moore Aves. store located in a middle-class



Large-scale photographs of fresh foods were suspended over the produce section in the Bayview and Moore store. Watt expanded the produce area to encompass 50% of the retail space and moved it to the front of the store.



The exterior of the Bayview and Moore store after another remake in the late 1980's.

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Happy 75th!

residential area of Toronto. From the outside, the building looked like an abandoned warehouse. Weeds grew in between cracks in the parking lot, and parking spaces were painted so close together that customers couldn't get their car doors open if the lot was full. Inside, metal casings were unhinged from display cases, dingy lighting showed a haphazard layout of merchandising and uninspired displays. Even the staff looked worn-out dressed in uniforms that were frayed and stained. Weekly sales were \$35,000 and, needless to say, the store was losing money.

Not wanting to close the store, Watt's staff worked their miracle at night. Over a period of 10 weeks they repaved the parking lot and repainted the lines. The storefront was repainted dark brown. To replace the multi-colored Loblaws' sign that ran down the side of the building, Watt designed a new logo, a stylized L in orange and red, and installed it on the upper corners of the storefront. The name Loblaws appeared in simple Helvetica type.

Inside, the layout was reformatted: produce was moved from the back to the front of the store and expanded to take up 50% of the retail space. Staff were taught how to build eye-catching produce displays. Fresh food "zones" were marked by large-scale photographs of fresh fruits and vegetables, meat and bakery goods to support the perceptions of product freshness and quality. Antiquated metal display cases were replaced with floating bins and cracked mirrors covered with wood boards added to the image of no-nonsense good value.

A communications program established a price position that drew new customers, while a highly-focused internal signage program increased both store throughput and sales. Yellow price signs with black and red block printing reinforced an impression of thriftiness for consumers. Within a month of the remake, sales increased by more than 60%.

The success of the Moore Ave. store was only the beginning of the makeover. A new slogan, "More than the price is right . . . but by gosh the price is right," was meant to show the public that Loblaws stood for the most competitive prices and the highest quality and best selection. Encouraged by Watt's results at the store level, Weston set aside \$40 million to invest in developing private label products and Don Watt began redesigning packaging for Loblaws' house brands.

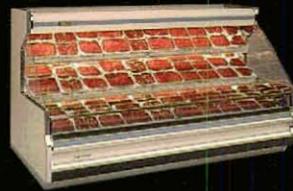
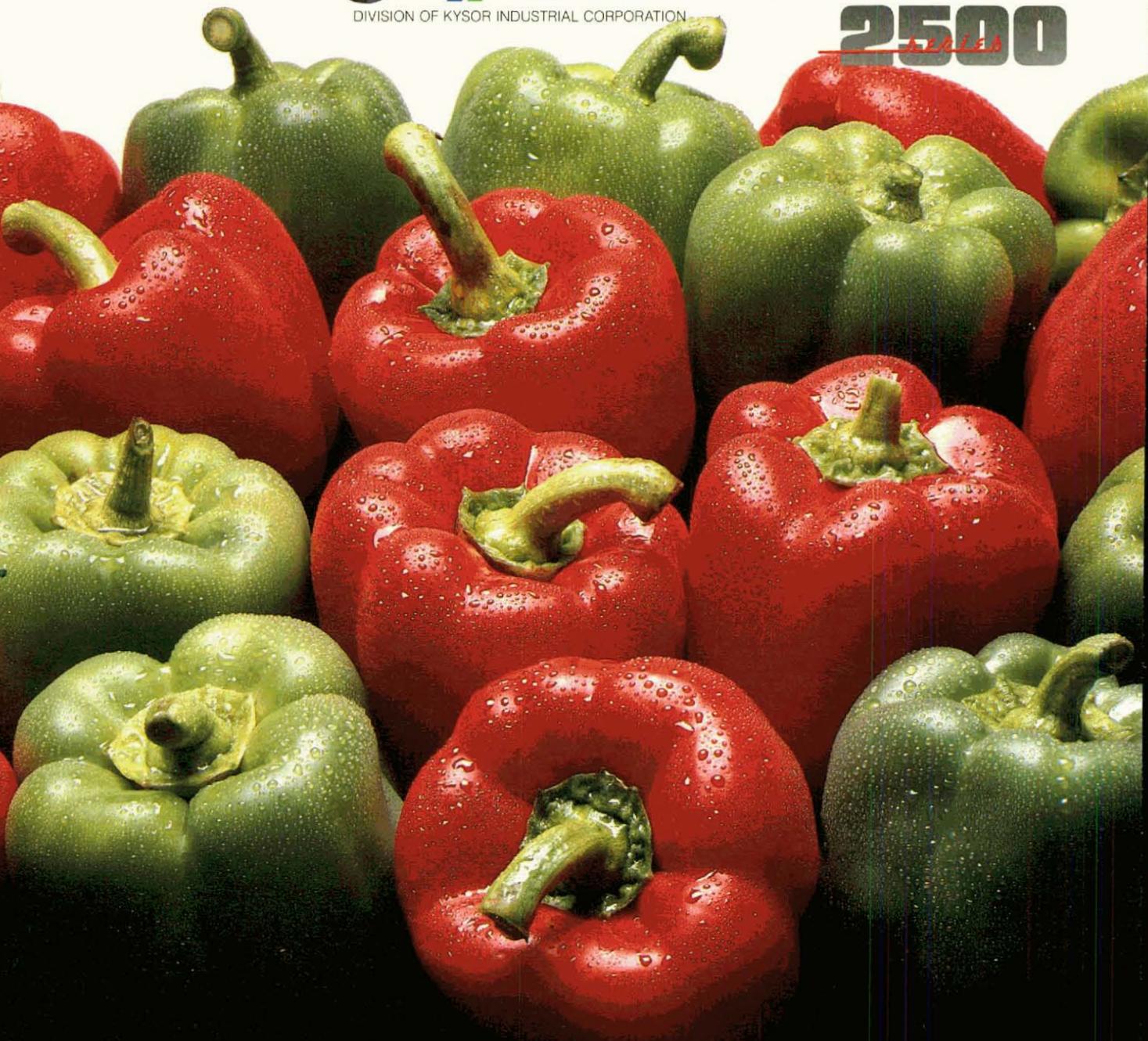
The Loblaws' team decided to add in-store bakeries and delis to increase margins. Brian Davidson, an "ideas man" and deal maker, became vice-president of food services. He brought in Siegfried Wauro (Ziggy) to oversee the development of the deli sections.

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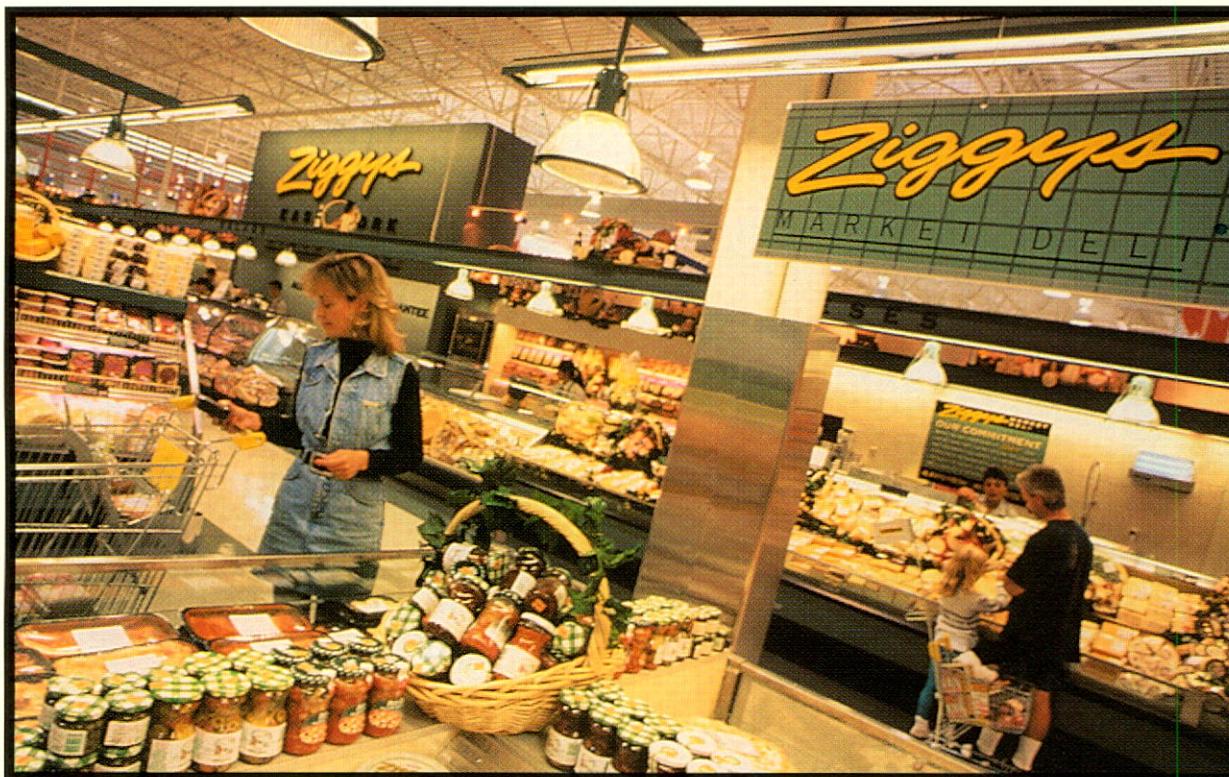


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very good friends at **Loblaw Companies Limited!**

By 1974, Loblaws' market share had climbed to 25%, almost the same as Dominion. But Ontario sales continued to slip overall from \$324 million in 1972 to \$315 million two years later. Meanwhile, the aging George Metcalf became a vice-president and Galen Weston took over chairmanship of Loblaw Companies and soon after became chairman and managing director of George Weston Ltd., which continued to pour money into the grocery side of the business to keep it afloat during the restructuring process. In 1975, the Weston and Loblaws head offices moved from the old warehouse on Fleet St. to a brand new building on St. Clair Avenue East. The next year, Currie became president of Loblaws Companies Ltd. and Nichol was appointed president of Loblaws Supermarkets Ltd., which ran 132 supermarkets in Ontario.



Within a year of taking charge of Loblaws Supermarkets, Nichol began appearing in television commercials, explaining to consumers how they could save money by shopping at Loblaws. He told the *Financial Post* in 1978 that he'd become a "walking Loblaws logo."

Turnaround and onward

Despite all the restructuring, remaking and restaffing, however, losses continued. By



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1977, the grocery business had lost \$83.6 million, with George Weston Ltd. absorbing the short fall. But the efforts to rebuild Loblaws began to pay off by the end of the 70s and the company was in a position to adapt to and profit from new trends in grocery retailing.

One major initiative at this time was the expansion of the chain's private label program. Weston, Watt, Currie and Nichol toured Europe to research ways to revamp the Loblaws private label.

With their own procurement divisions (Intersave Canada and Intersave USA were created by Currie in 1975), Loblaws could buy products cheaper in volume, sell them at lower prices and make better margins than what they'd get with national brands.

In 1978, the first No Name products, marked by distinctive yellow packaging with black lettering, were launched. Generics were catching on in U.S. supermarkets by this time, but Loblaws set out to make theirs more appealing by adhering to strict quality guidelines. The simple, clean package design template communicated the idea that each product was produced and sold at the lowest possible price. Sales were supported

by in-store merchandising and a new communications strategy that promoted Loblaws' value position.

The trend away from traditional supermarkets to low-cost warehouse bargain centers went hand-in-hand with the development of No Name brand products. Two years after the launching of No Name brand, David Stewart, John Lederer and Michael Bregman oversaw the development of the No Frills supermarket where the price position was broadened into a new discount store model.

By the early 1980s, consumer preference had returned to a taste for quality, value and service. The Supercenter grocery retail model, a flexible warehouse-style, offered consumers incredible selection and value. The new retail



The simple yellow and black no name packaging updated with simple graphics of products.



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Mississauga, Ontario



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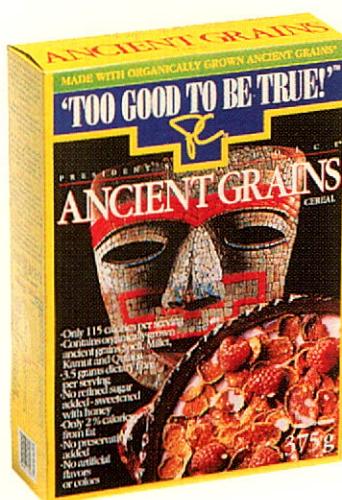
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environment was developed within an industrial warehouse architecture that could be readily modified to adapt to shifts in consumer behavior. Within each supercenter, departmental identities were introduced. Each department acquired a unique decor and occupied a clearly delineated space. This zoned environment created the sense that each department was highly specialized. New departments—dry cleaning, film developing and pharmacy—were added to expand the range of services offered, generate additional customer traffic and enhance customer loyalty.

Nichol and Davidson continued finding ways to expand the house brand program. In 1982, they set up International Trade as an arm of Intersave to eliminate intermediary brokers and buy directly from offshore suppliers. The great grandson of J. Milton Cork, Andy Wallace, helped search the world for quality products. A year later, the premium house brand, President's Choice, was introduced on the promise to be better

than the national brand at the same price. The brand also included unique products for which there was no national brand equivalent. Unlike the simple yellow and black design of the No Name label, the premium brand packaging featured bright colors, up close pictures of the product or a strong image to convey the product's benefits. In 1983, Nichol put out his Insider's Report, a witty and sometimes silly 16-page flyer in which he talked about the marvels of Loblaws' products. It started a new era in supermarket advertising.

Between 1976 and 1984, sales grew 72% and earnings jumped 225%. In 1984, David Stewart took over as president of Loblaw Supermarkets and Nichol became president of Loblaw International Merchants, a new division formed to develop corporate brands and to publish the Insider's Report.



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Nichol's role was to cultivate shopper loyalty and bring shoppers into the store.

A new test kitchen was built adjacent to Nichol's office in 1988 and a flurry of amazingly successful PC products followed—among the most phenomenal was The Decadent chocolate chip cookie which became the best selling PC product. A succession of lines followed: the GREEN products, more Decadent products, the Memories of and Too Good To Be True lines. Industry analysts have said that the PC label helped transform Loblaws into a

successful product wholesaler and won Loblaws the brand loyalty of both wealthy and price-conscious consumers. The President's Choice concept was so successful that it was introduced throughout North America and in international markets as far reaching as Australia. Certainly, the premium label

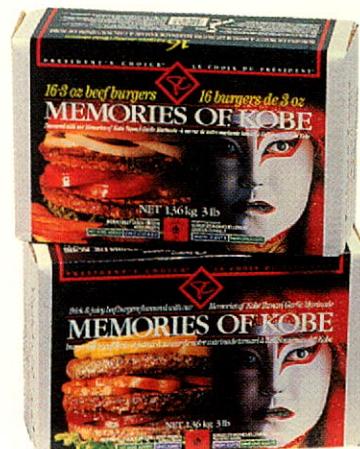
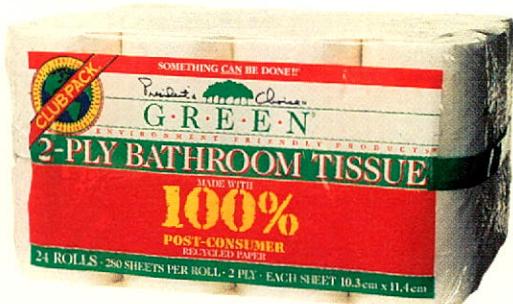
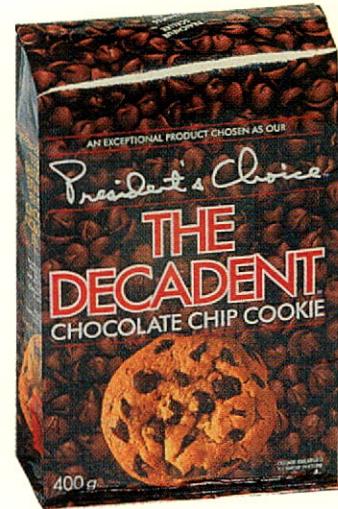
helped Loblaws return to the forefront of grocery retailing in Canada by creating a unique identity that others retailers could only hope to copy.

In 1993, Nichol left Loblaws to open his own private label consulting business. Loblaws International Merchants became

Loblaws Brands Limited which continues to manage the President's Choice line by scouring the world for unusual tastes, developing unique food products and advertising it all in the Insider's Report.

Less visible to the public eye, Richard Currie, meanwhile, worked his own miracle by restructuring and modernizing the grocery business from the

inside. Old warehouses were closed and consolidated into a modern strategy for distributing goods to stores. While many of the smaller corporate stores closed, a franchise sys-





Congratulations Loblaws. For 75 years you've steered in the right direction. Of course, steering in any direction in a grocery store is impressive.

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tem was developed to deal with stores that would be better run independently. By 1995, Loblaw Companies Limited had a total of 1,088 stores, including corporate and franchises, under subsidiary chains all across Canada.

The original chain founded by J. Milton Cork and T.P. Loblaw 75 years ago has survived in Loblaws Supermarkets Limited which, by 1995, had 64 Loblaw stores (61 in Ontario and 3 in Quebec), one Ziggy's St. Clair Market right

next door to the head office, 56 franchised No Frills stores and seven SuperCentres in Ontario. Cork and Loblaw would be astounded at the size of the stores today. The smallest Loblaw store now is about five times the size of a typical Loblaw store of 1928. And the SuperCentres—imagine trying to shop those with a wicker basket over your arm!



It's hard to compare a brand new Loblaw supermarket in 1996 with the groceria on Dundas St. West where housewives flocked on a Saturday night to buy their groceries self-serve. It's hard to compare using different colored pencil marks used to keep track of sales in the first market selling meat, groceries and produce with the POS scanners and computer



Together celebrating
A Passion for Cheese



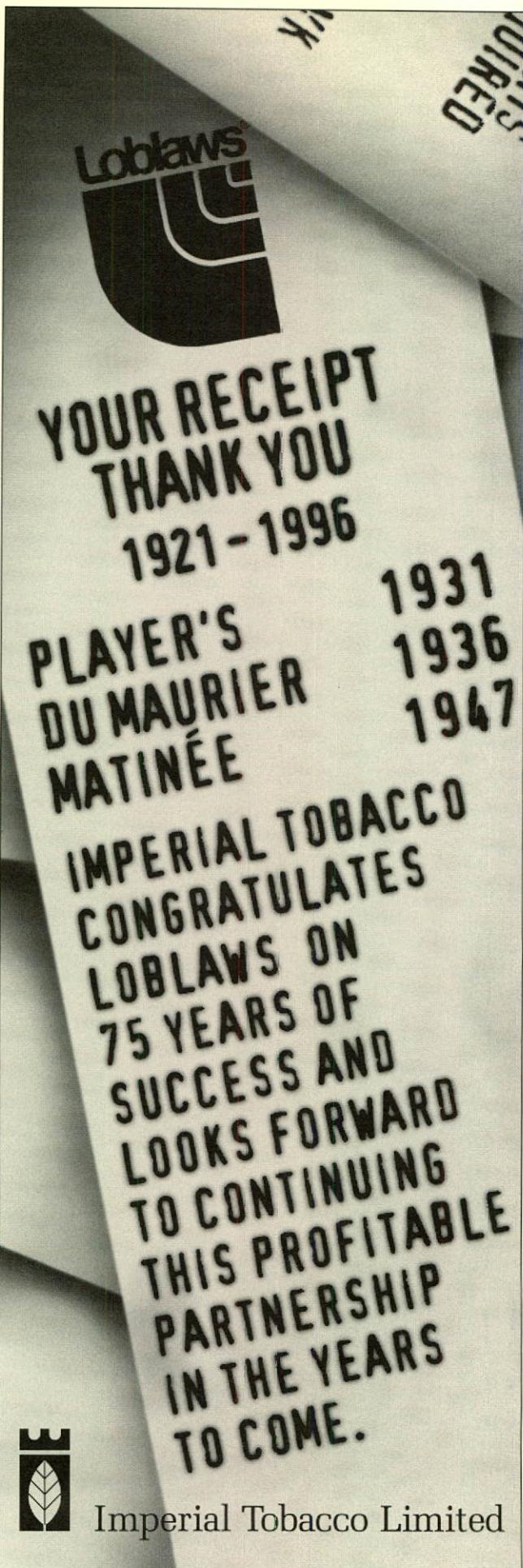
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programs of today. And it's hard to compare the bottles of Shield Brand mayonnaise turned out at the old warehouse at Fleet and Bathurst streets with today's gourmet lines bearing the President's Choice label.

But it's all part of the same evolution, a series of developments linked together through 75 years of Loblaws' history, through 75 years of grocers looking for better ways to sell groceries. •



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