

Sept. 1, 1967

Item description	Tabulated "survey" prices for 3 "poverty" stores	Actual Safeway price for all Washington, D.C., stores	Overstatement of Safeway prices
1. Bananas, 2 pounds.....	34, 34, 34 cents.....	30 cents.....	4 cents per 2 pounds.
2. Townhouse peas, 1 pound.....	27, 24½, 24½ cents.....	19½ cents (2 for 39).....	5 to 7½ cents per can.
3. Del Monte peach halves, 2 large cans.....	63, 69, 69 cents.....	63 cents.....	6 cents per 2 cans.
4. Crisco, 3 pounds.....	89, 89, 89 cents.....	86 cents.....	3 cents per can.
5. Cheerios, 7 ounces.....	34, 28, 28 cents.....	25 cents.....	3 to 9 cents per package.
6. Eggs, grade A, medium, dozen.....	49, 49, 49 cents.....	37 cents.....	12 cents per dozen.
7. Domino sugar, 5 pounds.....	65, 65, 65 cents.....	61 cents.....	4 cents per package.
8. Lettuce, head.....	39, 39, 29 cents.....	19½ cents (2 for 39).....	9½ to 19½ cents per head.
9. Washington flour, 5 pounds (self-rising).....	69, 65, 65 cents.....	65 cents.....	4 cents per package.
10. Gerbers strained bananas, 6 jars.....	69, 69, 69 cents.....	65 cents.....	4 cents per 6 jars.

Note: The prices tabulated for 6 other Safeway stores, which were merely described as "other stores," but which, in fact, included 1 store serving a poverty area, appear to be fairly accurate reporting of the book prices that were in effect in all our Safeway Supermarkets in the metropolitan area on Sept. 1 (that is, allowing for inexperienced price report errors).

However, the prices tabulated for the three stores described as serving "welfare clients," were not the prices at which these 10 items were priced, or sold, in those stores. Nor were they the prices at which those items were sold in any of Safeway's supermarkets in the Greater Washington, D.C., metropolitan area.

Furthermore, it seems peculiar that for the seven dry grocery staple items, the group's survey showed a first-of-the-month rise for all seven items in the "poverty" stores. But for six of the items, Safeway's actual prices were not changed whatsoever in any of our Washington, D.C., stores over the entire period (from mid-August to mid-September), and the one item that did change in price during that period was lowered 2 cents (not raised) and just before the first of the month.

And on three perishable items, the survey showed for "poverty" stores either a price increase on September 1, or a price reduction after September 1—whereas Safeway's actual price on one of the perishables dropped on August 21; another perishable item was reduced in price on September 5 (after remaining unchanged since mid-August); and the price of the other perishable item indeed rose, but not until September 11.

Several of the deviations in the "survey" prices might reflect errors in price reporting—for example, confusion of side-by-side shelf items of different sizes or grades, or the recording of a "two for" multiple price as though it were the price for just one unit of the item. But however charitable an allowance is made for inadvertent errors, the publicized emergence from the survey of a "poverty pattern" impression just about defies explanation.

We believe it possible that the explanation may lie in the procedures followed by those conducting the three pricing surveys on which the tabulation is based. We suggest that the following information would be relevant to any consideration the committee may wish to give that question:

1. The written specifications given each shopper, on each date, as to the store to be shopped, and the items to be checked (i.e., brand, size, pack, variety, grade, quality, and where an item bore a "cents off" label, whether it or the "noncents off" item should be reported).

2. Whether purchases were made and cash register receipts were retained.

3. The actual survey pattern—e.g., on each date, which price reporter made the price survey at each store; and, more specifically, whether the same person made the survey at the three stores described as serving welfare clients.

Because of our deep concern regarding the unfounded accusation made against us, we are cooperating with the Federal Trade Commission in its study of that accusation. We have opened our pricing records and books to the Commission, and are currently engaged in hearings in which the Commission is receiving the sworn testimony of Safeway employees, including that of Mr. Winstead and various store managers. The FTC hearings began Monday, continued Tuesday and Wednesday, and will resume on Friday, after recessing for the purpose of our appearing before you.