

nothing wrong with our research approach to their stores. The reason why there was a price difference in the Kroger stores we were told time and time again in the Kroger meeting was that there were errors in store marking personnel in their activities.

Mr. ROSENTHAL. Did you ever ask them the question of why the error always happened in this fashion?

Mr. BAUM. Yes, and they responded they couldn't really understand it, but that in some sense the workers in the stores may be responsible for this, or the supervision in the stores may not be up to par, and in response to that I asked him why his audit team wouldn't be spending extra time in those inner-city stores and there wasn't real substantive response to that question. Near the end of our conversation I asked would there be any instance in shipping one merchandise package from one store to another within Kroger's and this relates to the quality question, and Mr. Stern said in no case was there any shipping from one store to another, but he was immediately corrected by his manager, and there was intershipping between stores——

Mr. ROSENTHAL. Of perishables?

Mr. BAUM. No, he said not of perishables. But the discrepancy between what the vice president told us and the manager of operations was immediately apparent.

Mr. ROSENTHAL. You gave them the list you have made public here today?

Mr. BAUM. That's right, the list and our pricing data results.

Mr. ROSENTHAL. Did they say that you were in error in any way, did they challenge your results?

Mr. BAUM. On the canned ham, on one of the stores we visited, they stated we had not the correct price, and in fact in that store we asked an employee for the correct price of that item because it was not on the shelf, and that was the only case that I recall they challenged our findings. Harry reminded me they said they hadn't carried the item for a month and a half or so.

Mr. ROSENTHAL. Did you see the item in the store?

Mr. BAUM. No, we didn't. We asked the store employee for the price of the item and he gave us the price—canned ham may have been in freezer, we learned.

The book price that you mentioned before is an established highest charge that the Kroger managers are allowed to set for their items. They showed us a listing of the Kroger book price items, and Mr. Nadler noted the existence of a different number of asterisks behind some of the items on the book price list. Mr. Stern and Mr. White used about four different explanations for the markings behind the book price items.

First we were told that they did not know why the marks were there. Then Mr. Stern asked his secretary about the special marks, and she told him they were just typographical errors. The third explanation for the specially marked items on the list was that the secretary chose to use the number of asterisks in an arbitrary way, she just liked to add them in we were told. A fourth explanation was that they marked price changes from previous weeks' book listings. [Laughter.]

Mr. ROSENTHAL. What kind of items were the asterisks next to?

Mr. NADLER. I will answer that. We did not have the book long