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THE RISE, DOMINANCE, AND PASSING OF CHINESE AMERICAN SUPERMARKETS IN NORTHERN CALIFORNIA, 1930S-1970S

DISSERTATION

Presented in Partial Fulfillment of the Requirements for

The Degree Doctor of Philosophy in the Graduate School of The Ohio State University

By

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ABSTRACT

From the 1930s to the 1970s, Chinese American owned grocery stores and supermarkets were dominant competitors in communities throughout Northern California. They were so well established that there were very few residents who did not patronize them or know about them. Ranging from single-store to multi-store operations, they competed directly with national chain and local independent stores. Nearly all of the supermarkets are no longer in operation or owned by Chinese Americans. A combination of propitious factors brought about their rise and prosperity. Likewise, the materialization of unfavorable conditions overwhelmed the supermarkets, precipitating their decline and insolvency.

Chinese Americans entered into the grocery business by two routes. One was the 1920 fortuitous start of an immigrant in Colusa, California and the other was the invitation to Chinese American by Caucasian grocers to operate meat and produce concessions in their combination markets in the mid-1920s. Chinese American began expanding their grocery stores into supermarkets in the 1930s. They could not have opened their stores without support from a grocery wholesaler willing to sell to them. From postwar to the early 1970s, the supermarkets proliferated, taking advantage of the booming population.

The Chinese American operators' greatest edge was their cheap labor, allowing them to sell merchandise at low cost and to reap huge profits. Cheap labor was based on traditional Chinese employment practices in which employees were expected to
work long hours. This practice was reinforced by the sense of mutual responsibility and ethnic solidarity among employers and employees.

But formidable challenges emerged. From the mid-1950s onward the increasingly strong labor unions forced labor expense up. During the 1960s the cost of capitalization and operation of modern stores rose sharply. In the 1970s national companies dominated new markets. Partnerships had interpersonal problems, arresting any response to challenges. Furthermore, management was neither capable of managing an increasingly complex operation nor willing to commit the resources to remain competitive. Most owners and partners were ready to retire, but they had a difficult time getting out. Only one company ended their operation while still on the ascension and prosperous.
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CHAPTER 1
INTRODUCTION

Emerging during the 1930s and securing a competitive market share for about the next five decades, Chinese American supermarkets were dominant operations in the retail food business in small, medium, and large cities throughout Northern California. Until recently, they were so well established that there were very few Northern California residents who did not, at one time, shop in one of them or know about them. These supermarkets were located in nearly every community and were able to compete directly with national chains as well as local competitors and prosper. These enterprises ranged from single-store to multiple-store operations, and were owned by Chinese American families, partnerships, or corporations. From the start the stores did not sell ethnic foods and merchandise to an ethnic clientele, but sold groceries, meat, and produce to mostly Caucasian customers who generally accepted the stores in their communities. Many multiple-store operations began with a single, small grocery store and then expanded in size and number into a small chain of supermarkets. Well-known Chinese American supermarket chains included the forty-plus Farmer’s Markets, four Giant Foods, eleven Jumbo Markets, fifteen Dick’s Markets, seventeen Bel Air Markets, and the Famous Food Stores (Wonder Food, General Food, and five others). Many single-store operations did adequate business to secure niches in local markets but not enough to warrant expansion into chain operations. All of the chain supermarkets, however, are no longer in operation or owned by Chinese Americans. Only a few
supermarkets are still in the hands of Chinese Americans and they are vanishing. There were numerous conventional, particular, and timely factors that contributed to their rise and prosperity as well as their decline and passing. As this dissertation will detail, many of the factors that facilitated the rise and prosperity of the Chinese American supermarkets were the same factors that contributed to the decline and passing of these operations. In other words, many operators were unwilling or unable to adapt to the rapid changes of the retail food industry. Some operators tried to keep up with trends and to weather the vicissitudes of the business, but only a few succeeded. In sum, there was a combination of external and internal forces that caused an insolvent end to most of the supermarkets, but not before their operators had secured comfortable futures.

An Overview

Since the mid-nineteenth century, there were various means of livelihood for Chinese Americans. (In this paper, immigrants and the American-born will be referred to as Chinese Americans.) The businesses and occupations in which Chinese Americans engaged depended upon the circumstances and opportunities afforded them by the larger community and by their own inter-group relationships. Basically, Chinese Americans sold goods or services to the majority group or to members of their own group. Obviously, supplying goods or services to the majority group netted a greater economic reward since their needs were more extensive than the Chinese American population. In The Chinese in the United States, Rose Hum Lee listed eight categories of businesses and occupations undertaken by Chinese Americans. One of these was “selling American goods, (with) Chinese service, (for an) American clientele.” This category included the operation of laundries, cafes and restaurants serving American dishes, truck farms and produce markets, and grocery stores in urban areas. For a short
period, Chinese Americans also operated a small number of rooming houses, taverns, and nightclubs in the larger cities. Some of these enterprises, like the laundries, began during the gold rush era, while others, like the nightclubs, emerged in the 1930s. For most contemporary Chinese Americans, now two or more generations removed from their immigrant forefathers, these enterprises have long ceased to be their means of livelihood. However, recent immigrant groups of various nationalities, including the Chinese, have engaged in these enterprises in their modern forms, albeit some aspects of their operations are reminiscent of those under past Chinese American proprietorships.

By the 1920s, many Chinese immigrants, for various reasons, had decided not to return to China as sojourners did. In the meantime, new immigrants came to the United States to become permanent residents. If they did return to China, it was for a short visit to see the wife and family or to get married. Later they would seek means to bring the wife and family over to settle, and consequently, this often meant finding better livelihoods to build their futures. Moving up from selling one's labor to selling American goods like groceries, meat, and produce seemed profitable and secure at a time when the population and economy in California were expanding.

For a host of reasons, hostilities toward Chinese Americans had decreased and were redirected toward other more recent Asian immigrant groups, in particular the Japanese. The opposition and prejudice against the Chinese Americans had also mitigated enough such that the community at-large was patronizing Chinese American owned businesses. In fact, many members of the dominant community had been patronizing Chinese laundries. Some Chinese Americans were already engaged in truck farming, selling produce from the back of their trucks to households and businesses. Others owned or worked in butcher shops that sold only fresh and cured meats. Experience in these concerns would serve as the genesis for most Chinese Americans
entering the small grocery store business. Until the advent and spread of the combination grocery store, consumers purchased groceries, meat, and produce separately from stores that sold only those items, or from the different concessionaires under one roof. With the new combination grocery store came new opportunities, which Chinese Americans were ready and willing to seize.

Chinese Americans started their small grocery business by purchasing an existing operation or building the store from scratch: renting or erecting a building, putting in equipment, and buying inventory. Each and every one financed their venture with money that they had saved from working in their previous occupations and businesses. A few borrowed additional funds, usually from family or relatives. Established financial institutions would not give them loans, but Chinese Americans did not seek capital from them. Neither did they borrow money from old-world family or district associations. Like the businesses they operated, they tried to keep money matters simple. Often times a primary proprietor took on one or more partners to form a partnership to help capitalize and work the grocery store. They were generally relatives or very close friends who shared the risks as well as the profits, the latter usually divided at year-end.

In family-owned stores, the proprietor and his family did most or all of the work. The children helped out after school and on weekends. As in partnerships, hiring additional help was avoided to minimize expenses and to maximize profits. In addition, family members or partners were presumed trustworthy, reliable, and hardworking. The payroll expense was almost non-existent because of cost-free family labor. Drawing wages was not the norm, but drawing expenses at times of need was accepted. Reinvestment in the business was a given because it meant a secure future for the family. The family-owned store epitomized the concept of mutual responsibility and collective welfare.
Generally, these grocery store neophytes learned how to run the businesses while on-the-job. Nearly everyone working in these early grocery stores was capable at every task, made possible because the stores were small and simple to run. But there was usually a division of labor and responsibility. By one account, one family-owned store operated “by the seat of our pants.” They asked the grocery product salesmen how to price items and they visited nearby competitors to see how they operated. The stores always opened for longer hours than their competitors. Later they opened seven days a week and extended their hours to maintain their competitiveness as well as to increase sales and profits. Whether opened for business or not, a whole day off for anyone was rare because there was always work to be done in the store.

During the depression of the 1930s, the rapidly emerging combination grocery stores and supermarkets did well at the expense of the traditional small grocery stores. National chain companies closed or enlarged and remodeled their small outlets. Independent operators like the Chinese Americans increased the footage of their grocery stores, if possible, and put in new equipment and stocked new products such as fresh meats and produce to help increase sales. This expansion increased their store dimensions to one that was between the small grocery store and the supermarket; a size commonly referred to as a combination food store or market. Some operators never expanded beyond this stage, content with what they had. Soon the operators enlarged their combination markets into supermarkets, following the trend in the retail food business. But Chinese American operators were not innovative leaders in the industry. If anything, they were followers of what the national chain companies were doing. Nonetheless, Chinese American supermarkets were able to compete against the national chain and local independent supermarkets because their prices were usually a bit lower, drawing in crowds of customers. During the 1930s the economy in Northern
California did not suffer as severely as the rest of the country and the population was growing. With increasing sales volume, nearly all supermarkets were cashing in. In the war years, supermarkets did even better business because of rationing and shortages. People were employed and had money to spend; thus, everything that the supermarkets stocked sold easily.

Soon after their start, Chinese American operators gradually hired more employees—nearly always members of their ethnic group—to help with the increased workload. During this period, employees preferred working in grocery stores or supermarkets rather than laboring on farms or in laundries. Compared to their American counterpart, the employee's work was not as demanding as it was prolonged. Employers paid their employees a fixed sum for working indeterminate hours, usually long hours during the six or seven workdays, much like they expected from their own family members. Following employment practices in traditional Chinese society, employees were provided room and board if needed. But the trade off, again like old-world ways, was that employees were expected to be loyal and obedient to their employers, especially when the latter sponsored the immigration of the former. Thus, when the labor unions initially tried to organize Chinese American clerks, they had virtually no success. It must also be noted that historic discrimination and distrust played major roles in causing the Chinese American employees to side with their employers during the unions' effort to organize store labor in the late 1940s and early 1950s. On the other hand, the low labor costs enabled the owners to compete against national chain supermarkets and to reap healthy profits.

Looking to increase income and to remain competitive, Chinese American owners opened more supermarkets. They were either new independent supermarkets usually interrelated through common partners or additional supermarkets of the same
operation (in other words, a chain of supermarkets under the same ownership). To finance new stores, they usually used their profits, secured credit from equipment sellers and grocery wholesalers, and took on new partners. Often the new partners were former employees. In their expansion, some operators purchased existing supermarkets and renamed them after remodeling. Others built everything from the ground up after purchasing real estate at promising locations. As in past practices, they modeled their stores and operations along the lines of the national supermarket chains. It was not unusual for employees to form partnerships without the involvement of their employers and strike out on their own. A partnership not only brought title and profits for an entrepreneur but also employment. In other words, many Chinese Americans bought into partnerships in new or existing supermarket operations in order to secure jobs. Because there were numerous partners, it was not unusual for conflicts to erupt over the management of a store or, later, the chain. These differences invariably affected the operation and success of the company. The discords were compounded by the fact that many partnerships were originally drawn up by verbal agreements and consummated by handshakes, if at all. In addition, it was a common practice for partners to employ family members, relatives, and friends in their supermarkets, which often brought on other problems.

With a flourishing economy and a population boom, the two and a half decades after World War II were very profitable for Chinese American supermarkets. This era can be described as their “Golden Times.” However, just when things couldn’t be better, things started to get progressively difficult. Competition from the national chain supermarkets intensified. They seemed to have unlimited capital for remodeling older stores, opening new stores in prime locations, and acquiring the latest equipment for efficiency. The cost of keeping up with them was increasingly expensive. Recessions
began to occur regularly, cutting down or wiping out whatever slim profits the Chinese American supermarkets were able to net. The management of supermarkets became exasperatingly complicated because of the increasing complexity of the business. Labor unions gained strength, making it possible for them to enforce work rules and to negotiate higher wages and benefits for employees. Concurrently, the relationship between employees and employers gradually turned from cooperative to adversarial as the attitude of both changed in the face of intense competition and pressure in the industry. With employees siding increasingly with labor unions, the labor costs for supermarkets rose, negating their competitive edge they once had. Over the decades, the neighborhoods were changing in various ways such that business and profit for the older supermarkets were declining. As the owners and partners themselves became older, many became indifferent or less vigilant about supermarket changes and competition. And the recurring conflicts among the partners would not end. With all these forces working against them, the Chinese American owners gradually sold or eventually closed their supermarkets.

The “handwriting on the wall” was apparent by the mid-1960s. Many of the former owners went into retirement, while others engaged in other types of businesses, employment, or investments. Their children and relatives who had worked in the supermarkets did the same. In the 1970s and 1980s, the remaining Chinese American chain operations expanded the number of their supermarkets and managed to survive the vicissitudes of the business by adopting different management techniques. But neither profits nor operations would be the same again. In 1992 the last Chinese American chain in Northern California was sold to a competitor.

Although there are others still operating, one supermarket commands attention because it is owned and operated by the same family in the small city of Colusa,
California since 1920, and because it was the seed for other Chinese American
supermarkets in the 1930s, 1940s, and 1950s. Many operators throughout Northern
California owed their start to Chung Sun Market, acquiring their business apprenticeship,
capital, and future partners there. Chung Sun Market's longevity is extraordinary given
the intense competition and the unpredictable changes of the supermarket business.
Family members continue to work the supermarket, enabling the store to remain solvent
but not highly profitable like in past years. A loyal customer base has helped Chung Sun
Market ward off competition from national chain supermarkets but recent developments
in the retail food industry and the community have rendered its future uncertain.

Finally, the story of the Chinese American supermarkets is about an ambitious and
industrious group of people whose efforts appeared mundane but whose successes
gave the Chinese Americans a sense of accomplishment and place in their greater
communities. Much of their success was owed to timing, hard work, and luck. For
decades, they prospered in an industry that has always been extremely competitive,
dominating national and local competitors. By not resigning themselves to ethnic-niche
service or trade, they made a large step toward social assimilation through economic
assimilation. The profits and earnings from the supermarkets enabled employers and
employees to build secure foundations for their progeny to start their ascension toward
loftier goals and rewards. Thus, the vanishing and passing of Chinese American
supermarkets can be regarded not so much as failure or loss, but as another step up the
socioeconomic ladder of the American dream.

Community Development

The emergence and operation of grocery stores and supermarkets by Chinese
Americans measured and influenced the developments of their communities and their
relationships with the greater communities in Northern Californian between the 1930s and 1970s. The store operators themselves were not from the mercantile class of traditional society whose power and wealth were based in Chinatowns serving primarily a Chinese clientele. They were from the peasant class who immigrated to America with little or no money, started out as employees of restaurants, laundries, farms, and other small businesses, and saved enough capital to start their own enterprises outside ethnic enclaves. Furthermore, the influence of the merchants—who usually headed family and district associations to which nearly every Chinese American belonged and who often acted as intermediaries between the Chinese and majority population—was fading or minimal on these later immigrants who lived in communities throughout California. These immigrants were more akin to the truck gardeners and tenant farmers of the late nineteenth century who took advantage of the needs and opportunities afforded them by their local communities. Food store operators were less dependent on ethnic solidarity for survival than earlier Chinese Americans, but their success in the retail food business was still owed in large part to the old-world practices.

Chinese Americans considered operating retail food stores more desirable than operating restaurants, laundries, farms and other small businesses because they provided more reliable income and better working conditions. Their prospect for long-term financial security was also comparatively good, which justified their higher investment but required a sustained commitment. They can be contrasted to the laundry, a small-scale, easy-to-liquidate business preferred by sojourners of earlier periods. Likewise, Chinese Americans sought employment in grocery stores and supermarkets because they offered better income and working conditions than most other occupations available to them. Even after World War II, employment opportunities in the professional, craft, technical, clerical, and sales fields were still limited for Chinese Americans for a
variety of reasons including lingering discrimination. Entrepreneurship or employment in grocery stores and supermarkets thus offered the one of the best means for Chinese American to become permanent middle-class residents in their communities. This opportunity contrasts the transience and insecurity of the enterprises, occupations, and life of Chinese Americans of earlier times.

Most of the Chinese American grocery stores and all of the supermarkets were located outside their primary ethnic residential area, serving largely a Caucasian clientele. Caucasian patronage in these businesses indicated a growing acceptance, if not tolerance, of Chinese Americans in their greater communities after decades of hostility and discrimination. By engaging in mainstream enterprises, Chinese Americans achieved economic assimilation that paved the way for social assimilation. As late as the mid-1960s, however, landlords and realtors in some urban neighborhoods still refused to rent and sell homes to many owners and employees. In rural communities, the situation was slightly better. Chinese Americans there had a history of socioeconomic integration, dating back to the nineteenth century where they were an integral part of the agricultural economy.

Working in grocery stores and supermarkets facilitated considerably in the assimilation of individuals and families. Unlike sojourners and Chinatown residents, Chinese Americans in grocery stores had to have some proficiency in English because of the extensive contact with the general public. Recent immigrant wives of store proprietors learned English on-the-job. Lifestyles and friendships could not help but expand because of exposure to the American way of life and the public. Profits or wages provided the means for many immigrant and American-born young men to marry, raise families, and to purchase homes in communities outside their old neighborhoods. In other words, they could afford to buy into the American dream and
to affix the suffix “American” to their identity. The earnings provided the resources for their children to attain a higher education, enabling them to pursue superior professions. Unfortunately, quite a few private sector occupations—skilled, white-collared, managerial, and professional—remained largely inaccessible to Chinese Americans, even American-born with college degrees, until after the civil rights movement of the mid-1960s.

In sum, grocery stores and supermarkets helped advanced the socioeconomic assimilation of Chinese Americans. Grocery stores and supermarkets were important developments of an evolving Chinese American community which little is known about from the end of World War I to the mid-1960s. From the mid-1960s onward the make-up of Chinese American communities became very complex and dynamic because of the tidal waves of Chinese immigrants. Until then, one of the most salient characteristics of Chinese Americans in Northern California was their operation of supermarkets.

The Need to Record Their History

The few histories about the Chinese American experience tend to focus on the Chinatowns in large cities. Tong wars, immigration, Diaspora, labor strikes, and political activities garnered most of the attention. But almost unnoticed were the experiences of Chinese Americans outside the Chinatowns and the development of their communities. Aside from political rallies related to the events in China, very little has been recorded and analyzed about Chinese Americans in Northern California. Although there are many references and anecdotes about family grocery stores in the general histories and memoirs of Chinese Americans, no in-depth studies about them have been done. Moreover, the same can be said about Chinese American supermarkets. Neighborhood family grocery stores are usually listed along with hand laundries, restaurants, curio shops,
and farms as the primary businesses in which Chinese Americans were engaged. Charles Choy Wong pointed out this deficiency about Chinese grocery stores in his article, “The Continuity of Chinese Grocers in Southern California.” He stated that “The significance of the Chinese grocery story has been neglected in studies on Chinese American history.” He further emphasized that “the Chinese grocery store, after laundries and restaurants, is historically the third most important Chinese enterprise in the United States.” Edward Rhoads recognized this fact in “The Chinese in Texas.” He wrote, “While some of the new arrivals established laundries and cafes, many more founded retail grocery stores, which until then had not been an important occupation for the Chinese in Texas.” In regards to Chinese American supermarkets, general history books only disclose their phenomena on the West Coast and the Southwest. In Mountain of Gold (1967), for example, Betty Lee Sung wrote, “On the West Coast and in the South, a large number of Chinese own and operated grocery stores, some of which have expanded into giant supermarkets.” In an earlier volume, Chinese in American Life (1962), S. W. Kung noted that there were at least three thousand Chinese American owned grocery stores and supermarkets in California, but little else was discussed.

Only recently have the history of Chinese American supermarkets been researched and written in some detail. A significant portion of the 1994 article “Chinese Regional Solidarity: Case Study of the Hua Xian (Fa Yuen) Community in California” by Him Mark Lai described how an immigrant group came to operate a number of successful meat markets and supermarkets in Northern and Central California. Generally, most of the markets were located in the cities and towns in the region south of San Francisco and in the San Joaquin Valley. A few were located on the north and central coast of California. The bonds of solidarity and network of mutual support of immigrants from a common geographic area in China helped to establish these
enterprises mostly in rural communities and in small and medium cities, improving the social and economic status of its members. The article was informative and analytical, providing a good framework for further research. This dissertation presents similar points with greater detail and analyses about the histories of the grocery stores and supermarkets mentioned earlier, companies not studied in Lai’s article and whose immigrant founders came from a different district in China. The purpose of this dissertation is to record the supermarkets’ prominence in the retail food industry of Northern California and their place in the Chinese American communities.

Primary materials such as government censuses and studies and newspaper articles used to provide details, statistics, and accounts about Chinese American grocery stores and supermarkets are very few, nonexistent, or of limited help in narrating and analyzing their histories. The U.S. Census Reports (1940, 1950, and 1960), for example, provide Chinese population totals for California’s counties but no specific type and numeration of businesses and occupations of the Chinese. Their numbers are grouped under “other races” or “nonwhite,” which includes Japanese, Filipino, Indian and other races, outside the white and Negro groupings. Yearly business directories tend to list only those grocery and supermarkets which paid for the listings for that year. County records of licenses and owners of grocery stores and supermarkets record only those names the partners want to make public. Trade journals generally publish gross figures and general trends of the industry. Their data generally came from surveys.

The paucity of primary sources is in part rooted in the way the owners operated their businesses. Most of them kept very few, if any, documents about their business dealings, and revealed even less for public record, especially in the earlier period. An inherent obstacle to accessing information about the stores was the fact that they were private enterprises, not public companies or corporations opened to scrutiny. The
owners themselves tend to be secretive about their operations and plans to keep their competitors, minor partners, employees, wholesalers, the government, and unions from knowing much about them. Income tax records, for example, would likely not be of value because Chinese American operators tended to practice “creative bookkeeping” when it came to reporting revenues, expenses, and other information. Whatever operating records they had, such as contracts and invoices, they did not save for posterity. Even the Retail Clerks Union Local 588, which greatly affected the operations and profits of the supermarkets, did not keep old labor agreements. A previous contract, which stipulated hourly wages and labor restrictions, was routinely discarded when a new contract was negotiated and implemented. 6

The details and nuances must therefore come primarily from the owners themselves, their immediate heirs who worked closely with them, and from those associated with the operations, the store employees, product salesmen, and union representatives. But most of these people have passed away, taking with them their experiences and what they knew. And most of the few remaining ones are in their seventies and older. Therefore, the recording of the rise, dominance, and passing of the Chinese American supermarkets takes on a sense of urgency if these prominent enterprises and the people who operated them are not to remain primarily a notation in historical writings.

The nature of the food retail business has been so prosaic that they generated no salient economic and social issues. The food stores’ ordinariness and ubiquity helped them integrate easily into everyday lives. Thus, their existence has generally been forgotten and their history has largely been ignored by their communities and, correspondingly, by historians. However, their presence defined and reflected both the changes and continuities in their communities. This was certainly the case in the
socioeconomic development of the Chinese American community. Uncovering the
growth of Chinese American supermarkets will help illuminate the dynamics in their
communities as well as the retail food industry.

The history of Chinese American supermarkets needs to address a multitude of
questions and topics. Basically, they cover chronology, description, and operations of
the supermarkets. For example, when did they start? What stores did they operate?
Where were they located? How did these operators get into the retail food business?
Where did they get the capital to start? Were the stores family, partnership, or corporate
operations? How did they operate compared to their competitors? What made them
competitive? What role did the unions play in the operations? Who were the
employees? Who were the customers? Who were the competitors? How did the
operations evolve? What were the factors that caused their decline and passing?
Could they have been avoided? What happened to the operators and their families
and employees? Where does traditional Chinese socioeconomic culture fit into these
questions? Other closely related topics include the development of the retail food
industry in Northern California, the labor unions, and the Chinese American community.

Researching the entrepreneurship of Chinese Americans prompts an inquiry for
comparative studies to help contextualize their supermarkets historical uniqueness. For
example, was this kind of entrepreneurship duplicated or attempted by other ethnic
groups, in particular the Japanese American? What were the circumstances that
facilitated or hindered their enterprises? Extending this comparison, were Chinese
American supermarkets similar to some of the enterprises found in China or other
overseas Chinese communities? Answering these questions and others helped to
understand the particular conditions in their communities that did or did not allow their
enterprises to succeed.
Sources

Materials for the history of Chinese American supermarkets came from the conventional selection of sources. Secondary sources included general histories, memoirs, monographs, and journal essays, helping lay the foundation for the study. Primary sources included government surveys and studies, trade journals, business directories, and newspaper articles and advertising, providing "official record" and information about the enterprises. Business records, receipts, and contracts from the grocery stores and supermarkets and the labor unions were not available to furnish supporting details. It seems that all the organizations, parties, and individuals involved in the grocery business have long discarded their records. Most of the core material for this study came from the oral histories of the owners, partners, and employees. Without oral histories, substantive information about Chinese American supermarkets would remain unknown to all but to the few surviving insiders. It was usually possible to crosscheck the details and veracity of oral histories with reference material and with information from other interviewees. No matter if embellished, inaccurate, or incomplete the particulars of the stories, the exact points were not as important as the contours of history they recalled.

The fact that I and my family were involved in the grocery store and supermarket business in Sacramento for more than twenty years helped in getting and conducting oral interviews. (See endnote number 6.) But regardless of my background, some people did not want to be interviewed. Those that I did interview felt that I understood their sentiments and knew much about the grocery industry. They were enthusiastic and candid in talking about their experiences.

Materials for comparative perspectives on Chinese American enterprises came from secondary sources. They included a variety of journal essays addressing
sociological issues of Chinese Americans, ethnic enterprises in America, and business practices of Chinese communities in East Asia. The studies identified and analyzed the structural and cultural institutions in other situations that are helpful in understanding the phenomena of Chinese American supermarkets.

**Format**

Three phases of Chinese American supermarkets can be identified from their history. The first can be distinguished by their modest beginnings, the second by their proliferation and prosperity, and the third by their decline and passing. In addition, the widespread ownership and operation of supermarkets by Chinese Americans was exclusive to Northern and Central California, notwithstanding a few operations scattered in Southern California and Texas. Even in San Francisco, the locale of many narratives of the Chinese American experience, the retail food business by Chinese Americans did not extend beyond the "mom-and-pop" grocery stores. The reasons for this will be surmised in this paper's conclusion.

The framework of this thesis will be built on the development of the supermarket industry and the Chinese America experience in Sacramento and Northern California. Each will provide context for the three phases of Chinese American supermarkets, narrated in three chapters. Within the narratives, details will be interpreted and analyzed. The format of the paper will continue with additional perspectives from employees and product salesmen. One chapter will be devoted to the development and impact of the labor unions. A chapter will examine the findings of Chinese management studies in ethnic and overseas enterprises for a comparative context. Finally, this paper will conclude with an historical perspective on the importance of this topic.
CHAPTER 2
SUPERMARKETS

The development of Chinese American supermarkets must be placed in the context of the evolution of the supermarket industry. Within this narrative Chinese American operators were not trendsetters in retail food but astute followers of supermarket management and merchandising innovations. They selectively adopted new ways of operations and they spent only enough capital on new equipment to increase their sales, meet their needs, and match their competitors. This chapter will summarize the emergence and growth of the supermarket industry to highlight the road markers that Chinese Americans followed. Various manufacturing, wholesale, and retail operations will be delineated to render a greater understanding of the plans and actions of those involved in the retail food business.

Coming Together

The supermarket was not a completely innovative enterprise but all of its components came together in 1930. Until then, separate small stores selling only groceries, meat and seafood markets, confectioneries, bakeries, fruits and vegetable markets, delicatessens, and dairy stores made up most of food retailing. These food stores were located close to the customer and offered a variety of services such as credit and delivery. There were already chain stores, a group of stores under common ownership and under centralized and standardized management. Located in city

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neighborhoods, they were spreading but they were also small and often one-person operations. The trend toward combination stores was well under way by 1929, but these stores, which were created by joining two or more specialty stores like grocery and meat, represented only about one-fifth of all food stores. During the 1920s, parts of the supermarket concept were used in many areas of the country. Cash-and-carry, for example, was rapidly replacing credit and delivery as a means for grocery purchasing by customers, a trend led by the chain stores. Self-service, standardization, and simplification, were management practices that were synonymous with the expanding Piggly Wiggly chain operation founded in Memphis, Tennessee in 1916. The “drive-in markets,” stores where customers drove their automobiles right up to the buildings and parked in free parking spaces, were common in the West and Southwest but were uncommon in the East. The concept of one-stop shopping was based on large city markets that had under the same roof separate retailers selling their particular foods and was gaining popularity among shoppers. Finally, selling non-food products was an established practice identified with the general store, which happened to do approximately 60 percent of its sales volume in food products.1

Except for free parking, the objectives of these innovations were to reduce operating costs and selling prices, and consequently, bring in more customers and increase sales. During the Depression era, combining these features made for good business strategy. In 1930 Michael J. Cullen opened what the public called a “warehouse grocery” in an abandoned garage with all the elements that defined a supermarket. His retailing concepts included ideas he had proposed to his previous employers, Kroger Grocery & Baking Company and A & P, but were rejected as impractical because they were untested. He had suggested that they open a large, no-frills store in a low-rent district on the outskirts of town to cut operating costs, a store
symbolizing bargain prices and offering free parking. He also favored selling national brands at cost and at low markups that would yield razor-thin profit margins but that would attract crowds of shoppers. To make it a complete one-stop shopping store, concessions would sell meat, produce, dairy, deli, and household items. Lastly, he wanted to use bold price-oriented advertising to solicit customers. Other entrepreneurs quickly followed suit and the age of the supermarket began.\(^2\) One example was the Big Bear Store, which opened in a former automobile factory in Elizabeth, New Jersey in December 1932, amidst aggressive ads and promotions.\(^3\) As a depression product, the interior of these new supermarkets typically had crude floors, bare ceilings, no partitions, unpainted fixtures, glaring lights, gaudy signs, and merchandise piled everywhere. But their reduced selling prices were formidable when compared with established food retailers. This was reflected in their promotional names, for example, King Kullen the Price Wrecker and Big Bear the Price Crusher.\(^4\)

Prior to 1930, some of the supermarket concepts used in the East were in development in Texas and Southern California. Besides the drive-in markets mentioned earlier, there were self-service food stores with independent concessions operating under a central management. The earliest (documented) self-service food store was the Groceteria of Los Angeles, founded in 1915 by Albert Gerrard. He would later open the Alpha-Beta stores in which grocery items were arranged alphabetically to help shoppers find items. Another self-service store was the Ralph's Grocery Company, which by 1929 grew to 16 large attractive supermarkets. Established in 1872 in downtown Los Angeles, the company built a flourishing business by offering clerk-service and delivery, but started converting to self-service in 1926 when it recognized the advantages of self-service. It was about this period, the late 1920s, that the term supermarket first became associated with the large self-service food stores. It was a marketing invention and through usage
the term became synonymous with this type of food retailing. In 1933, William H. Albers founded Albers Super Markets, formally adopting the name for the first time.5

Drive-in markets appeared at about 1925. They were located primarily in Los Angeles' outlying areas as well as in neighborhoods. A drive-in market was comprised of a group of food stores in a one-story building with parking immediately adjacent. Although each of the food stores was individually owned and operated, shoppers regarded the large market as a single entity. The development of the drive-in market can be attributed to at least two factors. The expansive Los Angeles did not have a good public transportation system, forcing individuals to use primarily private automobiles to get about and to go shopping. This fact was reflected in a higher percentage of automobile ownership among its population than the national average. The other factor was the limited and restricted parking in the central business district. This prompted entrepreneurs to build stores in outlying areas where land was plentiful and cheap, and where space was available for parking.6

During the 1930s, economic progress of the country was generally slow and sporadic. There were national trends, however, that affected the development of the supermarket. The number of trucks and automobiles on the road were increasing as were the number of miles of roads. This trend made local products available to distant markets and made it possible for shoppers to travel to out-of-the-way supermarkets to get the best bargains. The radio became a common fixture in the home; whereupon, commercials on the radio increased the awareness of and the demand for national brands which supermarkets readily stocked. Advertisements in mass circulation magazines rendered the same results. By the mid-1930s, competition among local newspapers heightened due to the availability of news wire services, prompting the newspapers to offer additional spreads such as "food day" editions, which published
recipes, food buying suggestions, and supermarket advertisements. More and more homes were wired to electricity, enabling occupants to use household appliances such as refrigerators, irons, mixers, and clothes washers, which gradually became necessities rather than luxuries. These appliances in turn stimulated the development of and demand for new grocery products, and necessitated the enlargement of the kitchen space, which encouraged the family to buy more on shopping trips and allowing them to stock up.7

The influence the automobile had on the shopping habits of customers and the development of supermarkets was considerable in other ways. Because the use of the automobile made going to the store easier, shoppers went more often. With more exposure to merchandise, shoppers were more likely to make impulse purchases and large purchases. Because of large purchases, the stores’ cost-effectiveness increased, prompting management to stock more merchandise and a greater variety of merchandise. Since the automobile enabled shoppers to travel to different and distant stores to get the best bargains, it helped intensify the competition among food retailers as they fought for the same customers. Store management had to plan for weekly sales and labor costs as customers shopped throughout the week. Finally, the automobile made the size and layout of parking lots increasingly important in the planning of supermarket enlargement or expansion.8

Opposition, Participation, and Development

As more and more supermarkets were opening throughout the country, established operators in the retail food industry ridiculed these new operations as temporary “cheapies” in response to the difficult economic times of the 1930s. Chain and independent grocers, manufacturers, and many wholesalers mounted bitter attacks
on supermarkets while consumers flocked to these new types of stores. Grocers pressed manufacturers and wholesalers to boycott supermarkets and urged newspapers not to print the supermarkets’ aggressive advertisements. They claimed that supermarkets were unfair competition and demanded that supermarkets should not be allowed to remain opened at night. The Big Bear Stores in New Jersey and other Big Bear Stores (unrelated to the New Jersey operation) in New England, New York State, and Ohio were some of the first to undergo the onslaughts from wholesalers and grocers. In the meantime, the number of supermarkets continued to expand rapidly in the West and Southwest because these regions typified rapid new growth. The efforts to check the proliferation of supermarkets were unsuccessful and before long the opponents of supermarkets joined the trend. It was obvious why they did. At a time when a typical A&P chain grocery store was taking in about $6,000 in sales a month, King Kullen had sales of about $53,000. During the mid-1930s, the chains began experimenting with the supermarket idea, trying various formats and eventually settling on modest, well-organized operations; among them, A&P in the East, Kroger in the Midwest, and Safeway on the West Coast. They began building bigger and more attractive stores rapidly, playing an important role in refining the supermarket in the prewar years. By 1941, supermarkets became firmly established. At the number of supermarkets grew, small independent grocery stores and combination stores found themselves increasingly squeezed between the large food markets and the powerful chain stores. While some went out of business, others expanded and became supermarkets on their own. Often it was the wholesale food distributors who helped bring these small grocery stores and combination stores into the supermarket business. Small operators usually did not have the expertise or resources to do it on their own, but wholesalers were usually willing to help finance expansions and
devise merchandising strategies. Of course, the wholesalers were looking after their own interest in the wholesale food trade, exclusively supplying the new supermarkets with their merchandise. These affiliations were typical of the 1930s wholesale-retail alliances or associations, increasing and strengthening in future years. When the vast explosion in supermarkets began in the 1950s, many independent operations were thus able to keep pace as supermarkets. If small independent operations did not become supermarkets, they converted into non-super combination markets, or superettes, that were similar to supermarkets but at a more modest scale. They managed to remain profitable by reducing their operating expenses, largely because wholesalers let them purchase products at a small percentage above what they charge alliance members. In addition, many superettes found niches in their local market.11

The early supermarkets were successful primarily because they sold groceries at 8% to 15% below the price level of the traditional service grocery store. Plain no-frills interiors and self-service along with low rent and overhead allowed for low prices that attracted customers, but these stores tended to be disorderly and confusing. The Big Bear Store in New Jersey, for example, was a massive 50,000 square feet “circus-like emporium.”12 The experiments of the early 1930s of converting abandoned warehouses, factories, garages, and other large buildings into supermarket operations were soon discontinued in favor of smaller orderly supermarkets. Starting in 1935, supermarkets that were attractive inside and outside were opened, and soon the “cheapy” lost favor among shoppers. With the concept of the supermarket proven sound, new capital began flowing into the industry and attractive supermarkets began multiplying in better locations with larger investments in equipment and buildings.13

National supermarket chains began laying out model floor plans, showing the location of work areas as well as the general arrangement of the sales floor. The next
generation of supermarkets was planned from the ground up, starting with
contemporary designs for the exterior of the buildings. In the interior, everything was
designed for space and order. Better refrigeration and freezer equipment, new
prepackaging materials like cellophane, and improved lighting, shelving, and signs were
used. The sales of meat, produce, dairy, bakery, and non-food products, which in the
past were handled by separate concessions in the earlier supermarkets, were
consolidated into the grocery operation, allowing shoppers to purchase all items at one
checkout stand for their convenience. This advanced the concept of customer self-
service while supermarkets benefited from lower overhead and increased efficiency and
profitability. These aims were further maximized by an innovation that came into
widespread use by the late 1930s, the grocery cart. The grocery cart enabled shoppers
to carry more items than the handheld “market baskets” that were commonly used in
earlier stores, and consequently, supermarkets gained grocery sales.14

Like most other sectors of the domestic economy, supermarket development and
expansion were very limited during wartime. But in 1941 and early 1942, the number of
supermarkets increased by about two thousand when many chains and independents
tried to beat the impending building restrictions as the country was entering World War II.
During the war, food retailers enjoyed robust business, selling nearly everything they
stocked because of product shortages and rationing. This did not, however, mean that
they all reaped huge profits. The percentage of increase in sales for independents
doubled that of the chains. Under closer government control than independents, the
chains could not expand to compete because of material and labor shortages and their
buying power was reduced because of product shortages and price controls. The
chains also had serious labor shortages when many of their male employees entered the
armed forces or went to work for better wages in defense plants. The independents, on
the other hand, were less closely monitored and had more opportunities to evade regulations. They were able to develop a "gray market" for products by maintaining a close relationship with their local retail, wholesale, and customer situation. The independents were also more flexible during labor shortages because owners or managers could use their family members to work or could employ less qualified workers, such as retired people, to work part time. Despite the advantages of the independents, the chains did increase sales and profits. The industry as a whole emerged from the war period in very good condition.15

There were a few notable legacies from the war period. Because of the scarce supply of food products and price controls, stores began selling nonfood items such as health and beauty aids and general merchandise. These additions were successful—in profits and customer acceptance—and were retained after the war. Stores began selling more national brand products that were higher-profit as well as more available than private brands. Consequently, national brands made substantial gains in market share as customers increasingly shopped for their products. Lastly, the (male) labor shortages led to an increase in the number of women employed in the retail food industry.16

Postwar

When the country reverted back to a peacetime economy, pent-up consumer demand ignited an economic explosion. Consumers went on a buying spree using their savings accumulated from years of labor and rationing. The boom in spending was fueled further by an enormous growth in the population. This was the beginning of good times for the supermarkets. With the experimental phase over and the modern supermarket defined, independent and chain operators began constructing in earnest
new stores with larger floor space and parking facilities. Many older stores were
remodeled. The national chains had already closed hundreds of small service stores in
the prewar years and thousands of small, family-owned grocery stores had closed during
the war when the head of the family left to join the war effort. In other words, the whole
country was going to experience supermarket grocery shopping.17

Among the modern fixtures shoppers saw inside the new supermarkets were
metal shelving, large refrigeration units, and frozen foods freezers, which were introduced
before the war but were not in general use because of wartime shortages. Along the
tops of the refrigerators and freezers, shoppers noticed "SELF-SERVICE" markings to direct
them to service themselves, still a new concept in shopping for most people. In the
produce department, customers picked up pre-weighed and -packaged fresh
vegetables and fruits. Placed in the middle of the wide isles of the produce department
were island displays, a floor plan designed to convey a sense of openness. There were
more varieties of products for sale. Merchandise not stocked in a single store in the past
filled the shelves of the voluminous supermarkets: health and beauty aids, general
household goods, baby foods, and magazines and paperback books. At the checkout
counter, the shopper was very likely serviced by a female employee, a trend started
during the war. For the shoppers’ comfort and aesthetics, the stores provided air
conditioning, automatic doors, and background music. Soft fluorescent lighting
replaced glaring light bulbs to enhance the bright colors of the interior. In sum, the
supermarkets were trying to project a distinctive, clean, and attractive image to please
the customers.18

In the early 1950s, suburbs sprouted around every urban center in America,
helping to relieve the housing shortage that resulted when American veterans looked to
settle down and raise families. The availability of home mortgages with small down
payments and low interest assisted young families to purchase their first single-family house in suburban developments such as Levittowns. These types of developments offered new, spacious, and affordable mass-produced dwellings in planned communities away from the aging, congested, and expensive central cities. The exodus to suburbia was helped by a tremendous increase in automobile ownership by residents and an extensive highway building program throughout the country by the federal and state governments. By 1960, for example, at least 4 out of 5 households had an automobile available for use.19

The migration of people usually took the general direction of North to South and East to West as did the relocation of old industrial and manufacturing plants and the location of new ones. Along with housing developments, shopping centers were built, usually around a new supermarket. Of course, it made for good business acumen to follow the population movement but shopping centers and supermarkets were also able to take advantage of the low-cost land and less restrictive building ordinances of unincorporated areas. Generally, there were three types of centers. The smallest was the neighborhood type, which had a maximum of ten stores on 5 to 10 acres with one dominant store, usually a large supermarket, to attract shoppers. The second type was the intermediate community shopping center, which included an additional large retail outlet, often a small department store. This 10 to 15 acre development needed at least 5,000 families for support. The third type was a regional center with a minimum of 35 acres serving 100,000 people. Although supermarkets were everywhere, they tended to be concentrated in the growth areas in Arizona, California, Colorado, Florida, Louisiana, and Nevada where they accounted for more than 70 percent of the grocery sales.20

Just as the supermarket had become standardized in the retail food industry, so did the way of life for millions of middle-class white Americans in their suburbs. The 1950s
may be stereotypically but correctly described as a period of conformity and consumerism for the millions who lived mass housing, bought from mass markets, and worked in mass corporations. Two of the most distinctive aspects of this period affecting the development of the supermarket were the “baby boom” and “domesticity.” The surge in the birth of babies in the 1950s contributed to a U.S. population increase of about 30 million, an approximately 18 percent change from 1950 to 1960. In California, the population rose about 5 million, an approximately 48 percent change from 1950 to 1960, because of an increase in migration into the state as well as more births. Among the 15,717,204 residents in California, over 34 percent were age 18 years and under, which translated to a large expenditure of family income on food for growing families.21

Closely related to the demographic phenomenon was the exaltation of motherhood. The media glorified the role of the dedicated housewife at her home with children. Print and electronic advertisements and television programs almost always pictured the ideal mother usually in the kitchen. Accordingly, one of the fulfilling chores for the housewife was shopping in the supermarket for her family. Furthermore, supermarket operators themselves promoted the shopping center and the supermarket as a social gathering-place for the American family to increase store traffic. Hence, the 1950s were times of growth and prosperity for supermarkets. From 1950 to 1958, for example, the number of supermarkets increased from 14,217 to 20,413, a 43 percent change. Although they represented only 5.5 percent of all food stores, their sales accounted for 57 percent of the total food sales in the country.22

Besides suburbanization, population growth, and idealization, there were other factors that contributed to the growth and prosperity of supermarkets. Notable was the 80 percent increase in the medium income for families and individuals from 1950 to 1960.23 This enabled people to spend more and consequently, food stores captured a
large portion of this money, mostly through the sale of more expensive food items and nonfood merchandise. Already under way since the late 1920s was a shift in the dietary habits of the American people. The trend has been away from less expensive bulk foods such as potatoes and grain products and toward the more expensive leafy green vegetables, fresh fruits, and meat and dairy products. The change plus an increase in sale volume of those products benefited the supermarket because they netted large profit margins. Other profitable products that were amply stocked and highly promoted in supermarkets included baby foods in jars, frozen foods, ready cake mixes, and beverages. Developed from new food manufacturing and processing techniques, these products made foods more convenient for consumers to prepare and serve foods, but they were more expensive than the older types of products they replaced.

The new products required additional space in the stores for display. Also demanding more space were changes in packaging such as different size packaging and multiple packaging that increased the number of products in the store. Although these developments gave shoppers more choices and facilitated self-service shopping, they required stores to carry larger inventories and have sizable investments in refrigeration and freezer equipment. All of which benefited mainly the supermarkets rather than the smaller operations, which generally lacked the space and financial resources.

Supermarket Operations

Like mass-produced suburban communities, supermarket designs were based on simple, functional designs that could be constructed quickly. The stores, though, were expensive to build. Electrical systems, specialized lighting, and large refrigeration and freezer units were among the reasons that drove the cost of building a new supermarket.
dramatically up from prewar days. Independent operators were behind in the race to build modern supermarkets, but with support and guidance of wholesalers the independent segment of the business was bolstered. This maintained a competitive balance between the chains and independents. The alliance between wholesalers and independents enabled retailers to contract lower wholesale prices which was passed on to customers, and enabled retailers to benefit from up-to-date planning, store financing, central accounting, and cooperative advertising which were mostly managed by the wholesalers who had greater expertise and resources.26

As more supermarkets were built with standardized features, the customer’s decision as to which one to patronize was determined more by prices than by an allegiance to a specific chain or independent operation, notwithstanding convenient location. It was a tenuous factor for supermarket management when formulating strategy to secure customer loyalty. There were various shopping trends which management had to take into account. Similar to the pre-supermarket days, patronizing food stores had become less frequent as more people shopped just once a week, usually on Friday and Saturday. Consequently, their expenditure per visit had increased substantially, more than the rise in the price level of products. People were willing to travel and travel farther to shop, and where people shopped was greatly influenced by sales advertisements in newspapers in which they compared prices. In general, shoppers tended to go to stores that they believed would give them the best deal in making all their purchases. In their weekly advertisements, supermarkets often featured “loss leaders,” products that sold at or below cost for the sole purpose of attracting customers. But it was not unusual for shoppers to visit more than one supermarket to stock up on bargain items. Supermarket operators tried to counter this factor by attractively and strategically displaying high-profit products to stimulate impulse buying—the purchasing
of items that customers did not intend to buy—as customers enter and navigate the store for sale items. 27

Shoppers still considered a supermarket’s conveniences when making their decision as to where to shop, features that enhanced self-service shopping. Self-service reduced the operating cost of the supermarket, which in turn was passed on to customers, thereby helping increase the supermarket’s competitiveness. With few exceptions, supermarkets were completely self-service by 1960 when meat departments at last converted. Retailers also turned to other areas of the store to attract customers. A source of irritation for customers was waiting in long lines at the checkout counters. To speed up checkouts the counters became mechanized. For additional efficiency and convenience, the stores employed grocery baggers who also provided carryout service to the customers’ automobiles. 28

Another means retailers used to attract more customers and to build their shopping loyalty and habits was the offering of trading stamps with purchases. Trading stamps were primarily in response to the fierce competition in retail food, each operation trying to gain a competitive edge. Began in the early 1950s, these stamps could be redeemed for merchandise and stores promoted them with bustle. Of course, the costs of the stamps were passed on to the customers and accordingly, not having stamps or discontinuing stamps became promotional techniques as well. By the mid-1960s, shoppers soon saw little advantage in patronizing stores offering trading stamps and they soon became a passing trend as supermarkets reverted to touting low prices in their advertisements to entice people to shop in their stores exclusively. 29

In the meantime, manufacturers of food products helped supermarket sales by advertising their brand merchandise in newspaper and magazine advertisements and on television and radio commercials. They aimed to pre-sell shoppers their brand
products by identifying them with quality and value or by associating them with idealizations, and then hoped that shoppers would recognize and purchase them.  

In the operation of a supermarket the inherent emphasis was on volume sales. The supermarket's low prices necessitated a minimum level or better in sales volume to compensate for a small gross margin mark-up and for an even much smaller net profit. In addition, competition forced supermarkets to continuously invest capital to upgrade materially as well as to revamp operationally, preventing most supermarkets from operating a fixed level that would yield the greatest profit return. Hence, supermarkets were constantly seeking ways to maximize their sales volume, minimize wholesale prices, and optimize their operations to increase profits, remain competitive, or just to survive. The various techniques used to increase sales volume have been mentioned earlier; including price appeal, display techniques, self-service, attractive and convenient facilities, advertising and promotion, large but well-managed inventories, and diversified lines of merchandise. But sales volume, no matter how high, became pointless if supermarkets did not turn a profit due to the excessive sales of loss leaders and the insufficient sales of regular-price merchandise.  

To minimize wholesale prices, the chain, large independent, and small independent supermarkets utilized various means. One way was for the chain supermarkets and large independent supermarkets to integrate their wholesale-retail operations by performing more and more wholesale functions and by engaging in some manufacturing capacities. As a result, their merchandise would cost less than that of the small independent supermarkets, which bought from regular wholesalers. In the extremely competitive, high volume, and small-profit margin supermarket industry, even a 10 cent price advantage on a case of tomato catsup, for example, was significant. Small independent supermarkets could reduce their wholesale prices by joining voluntary
or cooperative wholesale-retail alliances to also procure merchandise at reduced prices. The largest among these buying affiliations was the Independent Grocers Alliance of America, commonly known as the IGA. Depending upon the relationships, additional benefits for the small independent supermarkets, mentioned earlier, were available from the wholesalers.\textsuperscript{32}

There were basically two types of buying affiliations. One was the wholesaler-sponsored voluntary association owned by its wholesale members. It conducted many varied activities including contracting with manufacturers to pack merchandise for its wholesalers, making large purchases from manufacturers, and arranging discounts for retail members. The largest of these affiliations was the Independent Grocers Alliance of America, commonly referred to as IGA. The other principle buying affiliation was the retail-sponsored cooperative association in which a group of retailers formed a cooperative to purchase some or all of their common merchandise from wholesalers. In some cases, the cooperative owned and operated its own warehouse; for example, United Grocers of Sacramento. Members purchased merchandise at cost plus association fee and transportation expense.\textsuperscript{33}

To optimize their operations, supermarkets diligently tried to reduce expenses. The major expense items of supermarkets were payroll, salaries, rent or real estate cost, advertising, and store supplies. But supermarkets invariably targeted payroll because the other costs tended to be fixed or much less adjustable in the short-term. Cutting labor cost had to take into account the amount of business projected for the coming period, the results of which was often contingent upon what the competition was doing. With the cost set, a supermarket's profit was realized when the sales volume exceeded the breakeven point. As sales rose, the profit percentage and the absolute dollar profit increased until some additional costs were incurred.\textsuperscript{34}
Competitive Pressures

Supermarkets continued to prosper and expand in the 1960s because of a healthy economy and a growing population, but the decade ended with increasingly fierce competition. The average number of items carried by supermarkets grew from 5,900 in 1960 to 7,800 in 1970 as new products filled the shelves. The stores became larger, with the space of the sales floor ranging from 16,000 to 20,000 square feet and some reaching 30,000 square feet. The “standard” model store gave way to supermarkets that were carefully planned to fit into specific neighborhoods appealing to specific types of customers. New departments such as service bakeries, delicatessens, and prescription-drug counters were added, for example, to cater to the busy lifestyles of families with working spouses and large disposable income, saving them time and labor. Installing larger capacity refrigeration and freezer units became necessary as more convenience items came into market. All of these changes, of course, required considerable investments, which the chain and large independent operations usually had the means to do. Older, middle-aged, and smaller supermarkets, on the other hand, felt acutely the competitive pressures because they were unable or unwilling to change.35

The 1960s ended with a notable trend. Discounting on a total-store scale was led by chain operations, reducing overall price margins by 2.5 to 3.0 percentage points to attract more customers and to retain their shopping loyalty. The result was a greater growth in sales for the chains compared with independents. Independents, on the other hand, were not able or willing to go discount as rapidly as the chains. They lacked the managerial and technical expertise for a transition of this magnitude. Because they had exceptional sales and profits in previous years, some came to believe that discounting
was not an immediate concern. Independents that did discount had to rely on
wholesalers for the most part to plan and execute the selective price reductions.\textsuperscript{36}

Technological and governmental regulatory changes benefited supermarkets
and shoppers, but required substantial outlays. The use of computers in data processing
cut the costs in operations at the retail level as well as food distribution in the wholesale
level, enabling the whole system to run more efficiently. Shelf space, for example, was
evaluated and assigned on an item-by-item basis. Government regulations required unit
pricing, open code dating, and other measures that provided consumers with relevant
shopping information. Supermarkets initially resisted this imposition citing the increase in
cost to effect them, but when consumers responded favorably, supermarkets embraced
the regulations.\textsuperscript{37} But as progressive as these technologies and measures were for the
retail food industry, they necessitated large investments, and the vicissitudes of the retail
food business, especially for small independent supermarkets, did not guarantee their
cost-effectiveness. Stores that invested in new technologies usually found their business
secure, if not more profitable; while stores that did not for whatever reasons most likely
faced difficult times in an increasingly competitive environment. Nevertheless, there
were some small independent supermarkets that remained profitable despite the
changes that occurred around them because they found niches by appealing to the
needs of their local market.

Prior to the 1960s, companies expanded their operations by opening stores in
new unserved territory or by replacing smaller stores that had potential or established
business. Direct supermarket-to-supermarket competition was generally avoided
because of these easier opportunities. After years of building, however, nearly every
community had a supermarket, saturating the market and limiting the possibilities for
expansion. The competition then shifted as supermarkets started competing head-to-
head in the same neighborhoods. The advantage in this competition favored the
larger operations (discussed further below). Then there were some supermarkets that
were never challenged by other operations because the local market was too small to
make a worthwhile venture.

Good profits were essential for company expansion financed from earnings and
creditor’s funds. For many companies the trend has been toward more financing in the
building of new supermarkets. This was possible, in large part, due to the fact that a
larger percentage of the total assets of the supermarket was now in fixed assets such as
equipment and building, preferred collateral for creditors, rather than in inventory as in
the past. In as much as good profits encouraged companies to expand, expansion
was necessary to continue good profits in this high volume-sensitive industry. As
mentioned earlier, new locations were surveyed for new supermarkets and existing stores
of other operators were also acquired for company expansion after remodeling. Larger
companies had an inherent advantage over smaller ones in that they were able to
spread the liabilities of their new or unprofitable operations over more outlets and over a
wider geographical area until those operations became profitable or had to close. Their
ability to borrow money was also easier and cheaper than smaller companies because
of their size and diversified locations. Furthermore, the rates they paid for the capital
were less than the profits that accrued from the use of the funds. Accordingly, the more
profits the company made the cheaper the loan. In many large companies, it was no
surprise to find that the amount of the creditors’ capital in the businesses were greater
than the owners’ or shareholders’ capital. And larger companies had more marketable
securities to acquire additional funds. In contrast, small operators found it difficult to
secure outside capital, especially when interest rates were high and rising, forcing them
to rely to a large extent retained earnings.
When small companies, in particular independent operations, wanted to expand into shopping centers, they found it difficult. The huge insurance companies that invested in the development of most prime-location shopping centers demanded as tenants under long-term contracts the large regional and national chain supermarket operations. Thus, the independents were usually shut out by widespread leasing practices from expanding into preferred shopping centers. Finally, the economies-of-scale favored the expansion of chain and large independent companies. They could better utilize their warehouses, transportation equipment, and manufacturing facilities by spreading their costs over many outlets acquired through building, acquisition, or merger. A simple example of this was the spreading of their weekly newspaper advertising cost over many stores. In sum, as the supermarket industry evolved the conventions of competition were stacked against the small independent operations. The trend has been toward bigness in terms of store size, sales volume, and number of store. It has followed the adage about how big size begets big advantages.41

At the supermarket-to-supermarket and week-to-week levels, the 1970s and 1980s witnessed what appeared to be frantic attempts to capture the shoppers’ patronage amid the vicissitudes of local economic and market situations. Supermarkets tried various techniques. Some were successful and lasting, while others were ineffective and faded within a short period. Supermarkets also employed marketing schemes to reward their regular customers as well as to bring in new ones. Total-store discount remained a long-term practice for many companies since the late 1960s. Closely related to this approach, which came-and-went depending upon the economy, was the warehouse shopping experience in which customers shopped from a limited variety of discounted merchandise and bagged their purchases themselves. On the other end of the expense scale, some stores offered savings stamps, but these premiums tended to be transitory. A
promotion that stores often used was the sale of merchandise at a discount, usually dishes or kitchenware, when customers made large purchases. Raffles and in-store coupons were other short-term promotions aimed at regular and new customers. Many small independent supermarkets continued to advertise "loss leaders" in their weekly ads to distinguish them from other retailers. Large chain and independent operations promoted their numerous departments, abundant merchandise, and customer services only they could afford.

The vast complexity, high capitalization, rapid changes, and intense competition of the supermarket industry were very apparent by the end of the 1980s. These factors eventually took a toll on many companies, including the nearly all of the Chinese American supermarkets that were major competitors in their market during the 1940s, 50s, and 60s. In the early development of supermarkets, the Chinese American owners were able to keep up with the changes that were simple and inexpensive. Their success was founded basically on an expanding industry, whose trends they followed, and on inexpensive labor, which was rooted in their work ethic and cultural solidarity. The next chapter will briefly narrate the history of the Chinese Americans in Northern California from the 1920s to 1970s to complete the framework on which the Chinese American owned supermarkets were built upon.
CHINESE AMERICAN COMMUNITY, EMPLOYMENT, AND BUSINESS

The Chinese Americans of Sacramento and Northern California communities lived fairly quiet lives from the 1930s to the mid-1960s. Their population increased slowly for the about two decades because of disproportionate gender ratios and restrictive immigration laws, and then rose quickly in the years following World War II primarily because of changes to these social and statutory checks. Other than political activities in support of the Chinese’s effort to fight the Japanese invasion of China during the 1930s and 1940s, Chinese Americans may be noted for their initiatives and efforts to achieve economic advancement, taking advantage of employment and business opportunities and building upon them. The solid economic foundations on which future generations would secure themselves in their climb up the American socioeconomic ladder were laid by immigrants who settled and acculturated rather than by sojourners who clung to their homeland ways. The attitude of the latter may be explained in part by their continued wariness of the anti-immigration statues that may deport them. These laws reminded them of the need to maintain their ethnic solidarity and traditions that had helped them endure the hostilities of the past. It was, however, the earlier immigrants like the sojourners who helped build the socioeconomic network based on old-world traditions and new-world conditions for the later immigrants and their families to utilize and benefit. Later generations of Chinese Americans would seek assimilation into the greater community but the dominant population generally did not want them in their
neighborhoods and workplaces. Yet there were exceptions. Most Chinese Americans in Sacramento lived within a defined area, but others in the city and throughout Northern California’s rural communities resided in neighborhoods in which they established their family business catering to a non-Chinese clientele. Their households were often quarters behind or above their businesses. They lived quietly, running their businesses, attending nearby schools, and leaving home to socialize with other Chinese Americans in another part of the community or in another community. Some of these Chinese Americans operated grocery stores that would later enlarge to supermarkets and expand into chain operations. While many Chinese Americans endured prejudice, discrimination, and segregation, others did not. Some elderly Chinese Americans recalled how everyone got along in their communities or neighborhoods, but venturing beyond was sometimes an ordeal. Basically, it depended upon where they lived. It is only safe to say that the Chinese American socioeconomic experience was mixed. After the passage of laws restricting the immigration of Chinese laborers, which reduced their population in America, Chinese Americans had ceased to be easy scapegoats for politicians or major competitors for businessmen or laborers. Japanese American immigrants had supplanted them as the primary Asian targets of political or economic campaigns in California. Aside from some biographies, very little has been written about the socioeconomic institutions of Chinese American of Sacramento and Northern California communities during this period. This chapter will provide some details and analyses about the people and their community, employment, and business during the period in which both the Chinese Americans and the supermarket industry evolved.
Statistical Profile

According to the U.S. Census reports, in 1930 the Chinese American population in California, including native- and foreign-born, was 37,361; in 1940, 39,556; and in 1950, 58,324. The 1960 census recorded a population of 95,600, a large gain that can be attributed primarily to the immigration of females under the War Brides Act and to an increase in the birth of children. The effect of internal migration into the state was minimal, accounting for less than 10 percent of the total population.\(^1\) In 1930 the Chinese American population in Sacramento county was 2,792, and in 1940, 2,471. In 1950 the population in the Sacramento Standard Metropolitan Area (SMA), which includes the city of Sacramento and nearby urban areas, was 3,852; and in 1960 the population in the Sacramento Standard Metropolitan Statistical Area (SMSA) was 6,457.\(^2\) At best all these figures show statistical “snapshots” from samplings at ten-year intervals without outlining the socioeconomic dynamics of the community. Additional data helps delineate the development of the Chinese American community in Northern California and the Sacramento SMSA, revealing their gender ratio, places of residency, and occupational and economic characteristics.

As the population rose, the ratio of males to females became increasingly even due to an increase in the immigration of females and birth of female infants. According to the U.S. Census reports, the number of males per 100 females in California in 1930 was 298.6; in 1940, 223.6; in 1950, 161.9; and in 1960, 127.8. Interestingly, in the city of Sacramento, the ratios were less unbalanced: in 1930, 234.0 and in 1940, 142.1; but in the Sacramento Metropolitan District which included the immediate area outside the city the ratio was a little higher in 1940, 162.7. In the Sacramento SMA in 1950 the ratio was 147.7 males to 100 females, and in the Sacramento SMSA in 1960 the ratio was further reduced to 121.4.\(^3\) Nevertheless, the increasing number of females to males in the city
and SMSA of Sacramento indicate an increasing number of females available for marriage. The smaller ratio of males to females in the city and SMSA of Sacramento compared to the state average also suggests that there was a smaller sojourner population in the Sacramento area. Sizable numbers of sojourners were usually found in large Chinatowns and in farming communities, the first of which the city of Sacramento did not have and the second of which the Sacramento Metropolitan District in 1940 area did have. This inference is supported by the slightly higher male to female ratio in the metropolitan district than in the city.

Additional figures point to the fact that there were a large number of males and females of childbearing age and a correspondingly large number of young, American-born children. In other words, there was a trend in the Chinese American community toward marriage, family, and permanent settlement. Although data is not available for 1930 and 1940, the census for the Sacramento SMA in 1950 shows that the predominant age groups for females were ages under 5 years and 20 to 34 years; in 1960, ages under 14 years and 25 to 39 years. Comparatively, the predominant age groups for males in 1950 were under 5 years and 25 to 64 years; in 1960, under 14 years and 30 to 44 years. The large number of children under 14 years of age in 1960 indicates a group that was born in the previous and current decade, characterized by slightly more males than females. The large number of elderly males in 1950 may be the shrinking vestige of the old sojourner society.

**Immigrants**

Many sojourners returned to China or grew old and passed away in America without ever marrying or bringing over their families, thereby decreasing their numbers in the community. The Annual Reports of the Immigration Office revealed that from 1903 to
1943 almost twice as many Chinese departed (90,299) than admitted (52,561) in the United States. In that period, there were only seven years in which the number of admittance exceeded the number of departures. There were a few apparent reasons for that trend. The Chinese Exclusion Law of 1882 and the Immigration Act of 1924 combined to discourage many Chinese from settling permanently, especially when the laws made it difficult, if not impossible, for most of those already in America to send for their wives. Interestingly, the anti-immigration laws had an unanticipated result of narrowing the gap in the gender ratio. Those who were not married had little chance to marry Chinese women since there were so few of them in America. In addition, the economic depression of the 1930s discouraged the Chinese from immigrating or staying by lessening their chances of making a decent living.5

The immigration of Chinese, nonetheless, continued. During the early decades of the twentieth century, the economic and political disorder in China served “to push” those with the means to leave and the economic opportunities America still offered served “to pull” those with the ambition to come. To circumvent the immigration laws, immigrants purchased “papers” from American citizens of Chinese ancestry or from Chinese merchants, two groups that were allowed unrestricted entry into the country. Whether born in China or the United States, the children of citizens and merchants received the same privilege. After the 1906 San Francisco earthquake and the ensuing fire that destroyed countless records, many Chinese immigrants seized the opportunity to reregister as U.S. citizens. As citizens they subsequently reported to American authorities that they had fathered numerous children, which may or may not be true, during their periodic visits to their families in China. The children were usually sons and the reports created “slots” available for their immigration to the United States. The fathers were thus able to bring their children to America or to sell the slots to those wanting to immigrate.
Merchants who left families in China also took advantage of this type of scheme: making periodic trips home, claiming the birth of children, and selling slots. Those who sold slots were often close or distant relatives or friends of buyers from the same or nearby villages or districts. In other words, there was a network in place for immigration to America for those who could buy into the scheme. Those who purchased the slots became "paper sons" or "paper daughters" and entered the country claiming to be the children of citizens or merchants. Thereafter, these immigrants and their descendents, if they decided to settle permanently, would live in America with "paper names." Unlike most of the earlier sojourners who came as laborers, the classification of these later immigrants allowed them to reenter America after leaving. By 1920 the majority of young men immigrating to the United States had purchased papers. The immigration laws also provided the wives of merchants the same rights, but not without some difficulty at first in securing them. Until the repeal of the exclusion acts in 1943, the situation for the wives of citizens was inconsistent, "depending upon the exclusion laws, judicial interpretations, and administrative enforcement."*

Some bachelor immigrants dutifully returned to their home villages, fulfilled marriage contracts their parents had arranged, and reentered the United States to continue earning money. Often these new husbands fathered children during their visits. Some immigrants decided to become permanent residents in America, bringing their families with them or sending for them at a later time. During the time when males far outnumbered females, American-born bachelors were also expected to return to their parent’s villages, marry native girls, and bring their wives back to America with them.

The large increase in population during the two decades after 1943 reflected the repeal of the Chinese Exclusion Act in December of that year and the implementation of a number of special acts after World War II. The repeal did not directly lead to a large
increase in immigration because of the standing quota for Chinese, but it did allow those already in America to become naturalized citizens, enabling them later to sponsor immigrants. The "War Brides" Act of December 1945 and the Act of August 1946 provided for the admittance of Chinese wives of U.S. citizens under a non-quota basis, resulting in a tremendous immigration of women from 1947 and 1953. In five of those years, women accounted for about 90 percent of Chinese immigrants, most of them as wives of citizens. In succeeding years a variety of other immigration acts facilitated the entry of family members of citizens and of persons in possession of certain skills. A more balanced sex ratio certainly facilitated the formation of family life. Furthermore, the increase in the number of wives contributed to the rise in the birth of children, evident in the large population of young American-born children in the Sacramento SMSA in the 1950s and 1960s.

Most of the young men immigrated with the intention of earning money to remit to improve their families' economic situation at home. They hoped to return home with enough money for financial security for themselves and their families but often times changing circumstances at home and in America caused them to alter their plans. Some were unable to earn enough for subsistence let alone for remittance, subsequently leaving the United States permanently. Their number was probably not large since there was a socioeconomic network assisting the newcomer in immigration, housing, and employment. Some sojourners earned just enough money to remit home but not enough to send for their families or return home. They were destined to remain in the United States for the rest of their lives to toil to help support those at home. Some sojourners saved what they thought was enough money and returned home, but ended up reentering the United States to earn money again after their savings ran out. Undoubtedly, there were some young men who immigrated with the intention of settling
permanently. How many returned home, changed plans, or settled permanently remains unknown. There are no reports or surveys available, only biographies and anecdotes to recount the numerous kinds of experiences. But what was certain were America’s opportunities for economic betterment prompted many to immigrate, and if successful through hard work and good luck, they had more options available to them, including family life and permanent settlement in America.

Most of the immigrants who settled in Sacramento and many in the Northern California communities came from very impoverished villages in the district called Toishan, located in the southwestern part of the Pearl River Delta in the Guangdong (Kwongtung) Province of southeast China. They maintained cultural solidarity through their family and district associations and a strong socioeconomic network through decades of immigrant experience in “Gold Mountain” (America). Up until the mid-1960s when a flood of immigrants from Hong Kong and other parts of China arrived, more than 80 percent of the Chinese Americans in Sacramento can trace their roots back to Toishan and the dialect spoken was the one from Toishan. Their large number and collective resources consequently would make a difference in the competitiveness of their businesses against nationally as well as locally owned companies in terms of the availability of labor and capital. Individually, their lives of endless toiling for bare subsistence in Toishan would ingrain into them a work ethic that would serve them well in America.

**Employment and Business**

From the 1930s to the start of World War II the majority of Chinese Americans in California were laundry operatives and employees, restaurant owners and workers, shopkeepers and clerks, domestic servants, and laborers in agriculture and other
miscellaneous industries. Nearly all of the new immigrants began as laborers in these industries, usually getting their start through the same socioeconomic network that helped them immigrate to America. If they saved enough money and gained enough business acumen after years of hard work, they could invest in the same or a similar type of business in which they had their apprenticeship, becoming partners in the same or a new establishment. Of course, those who invested large sums of money became major partners while those who invested smaller sums became minor partners. Major partners may or may not engage in hands-on work in the business, but during shareholders’ meetings their decisions carried greater weight than the decisions of the minor partners who usually worked the hardest and longest day-to-day. The latter, in essence, were purchasing jobs or job security and trying to increase their earning power by collecting profits in addition to wages or salaries. As partner-employees, they were more conscientious and productive than as regular employees. Nonetheless, all of the partners wanted to make their business successful and to share in the profits at the end of the year according to their investments. How they went about realizing these goals revealed their strengths and weaknesses in business enterprises in America.

The rooms in the back, above, or next to the business sometime served as the residence for the family. In larger enterprises, it was common for owners to provide free lodging and meals for employees, especially for recent immigrants without families in America. This practice yielded reciprocating benefits for employers and employees as well as maintaining a sense of mutual responsibility, familial obligation, and ethnic solidarity. Employees saved money on rent and meals but stayed longer on the premises without extra pay until the job was finished for the day. From a tradition of paternalism, employers felt obligated to provide for their employees since they were often related or from the same village, but the employees in turn had to render unquestionable loyalty.
and trustworthiness. Familial or social obligation was commonly the impelling reason an
unemployed relative, friend, or fellow villager was hired, sometimes regardless whether
the business needed another employee. This cooperative effort and mutual responsibility
helped Chinese American businesses compete in America, but moreover these practices
have historically helped the Chinese survive in China.

Owning, managing, and operating a business was much more desirable than
being employed by others, affording both economic advancement and proprietary
status. The types of business Chinese Americans engaged reflected their socioeconomic
circumstances as well as the needs of their larger communities. For sojourners, this
basically meant setting up small enterprises that were easy to start up and that required
a low capital outlay. Laundries were the oldest and the most numerous of these types of
businesses; so numerous that they became the stereotypic occupation for the Chinese.
In *The Chinese in the United States of America*, Rose Hum Lee describes laundries as a
business that offered “American goods” utilizing “Chinese service” to cater to an
“American clientele.” Generally, most businesses catered to a non-Chinese clientele
outside Chinatowns in urban areas because the economic base was broad. Operating
laundries required only a limited knowledge of English and mostly manual labor rather
than costly machinery. In addition, laundry operators had the flexibility to hire additional
help when business demanded it and to sell their operations on short notice. The decline
of the Chinese laundry was due to a combination of factors: a shortage of Chinese
workers willing to do that kind of labor; competition from large companies that use
efficient modern machinery; and the increase number of home washing and drying
machines as well as launderettes. In any case, the laundries were products of their time,
suitable for the sojourners and their clientele. This can be also said for Chinese owned
cafes and restaurants selling only American food and for their truck farms and produce

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markets, all of which were much more numerous before than after World War II, at which time they began to fade out.  

After laundries and restaurants, grocery stores were the most numerous of Chinese American owned enterprises. Like other Chinese American businesses, individuals and partnerships owned most of them while a few were registered as corporations. The capitalization of a business usually came from the owners’ or partners’ savings. Statistics on actual investment and capital of each type of business were not available, but the amount of capital required for restaurants and grocery stores was definitely greater than that for laundries, which demanded mainly “sweat equity.” In addition to purchasing inventory and equipment, grocery stores necessitated a long-term commitment to realize a return on investment. On the other hand, Chinese Americans regarded grocery stores better than laundries in gaining economic return. Business hours and working conditions were also considered better than both laundries and restaurants. These factors made grocery stores suitable for families to operate, which usually relying on members for unpaid labor. Reciprocally, owning a grocery store enabled the proprietor to afford a family. As the number of laundries declined the number of grocery stores rose so that by 1949 there were about 2,000 in the United States, among which were a limited number of supermarkets located mainly in the smaller towns and cities in the West and Southwest. About a decade later, there were at least three thousand grocery stores and supermarkets owned and operated by Chinese Americans, the former located mostly in the central metropolitan areas of California. But it was about this time that the number of neighborhood “mom-and pop” operations began to decline because of the fierce competition from large supermarkets in the new outlying neighborhoods, some of which were opened by Chinese Americans who had started out in small grocery stores.
In *The Chinese Community in Sacramento*, John Fang stated that about 1,000 Chinese residents earn their living in the supermarkets and grocery stores in the city and county of Sacramento in 1960. This figure appears to be supported by the 1960 U.S. Census that reports 1,033 out of 2,537 employed Chinese Americans worked in the wholesale and retail trade industry. Fang also stated that Chinese Americans owned about 100 groceries and supermarkets, doing an annual business of more than $150 million which represented about 25 percent of the area's grocery volume. The number of grocery stores and supermarkets listed in the *Sacramento's Chinese Directory*, circa 1960, matches closely Fang's number. But the sales figure from the 1963 U.S. Census of Business (the business census closest to 1960) does not measure up to Fang's figure. The Census reported the total sales of all grocery stores, including supermarkets, at about $244 million, making Fang's business figures appear grossly inflated. The correct amount was surely smaller but nonetheless still impressive. Accurate sales figures tend to be difficult to ascertain because proprietors of small businesses generally do not make public this type of information. This does not, however, detract from the importance of grocery stores and supermarkets in terms of economic advancement for the owners, of employment for their fellow Chinese Americans, and of business for wholesalers and ancillary service providers. To underscore these points, the population of Chinese Americans in the Sacramento SMSA in 1960 represented only 1.3 percent of the total population but their 100 retail food businesses represented about 20 percent of the total number of establishments. Even more impressive was the fact that the Chinese American owned supermarkets competed head-to-head with larger national chain operations in a metropolitan area, and dominated and prospered for at least 25 years since postwar.
Prior to the war, Chinese Americans sought to improve their economic standing by seeking better employment, but occupational parity was very difficult if not impossible at the time. There was a paucity of Chinese Americans in the professional fields such as education, medicine, engineering, and scientific research. The entry of the United States into World War II quickly changed the situation. Wartime industries such as shipyards and aircraft factories, which in the past had rarely employed Chinese Americans, began hiring them as engineers, technicians, workers, and clerks. The change was based as much on political winds as on practical needs. China had become an ally of the United States against Japan, and as a result, Americans looked upon the Chinese both in the United States and China in favorable light. Japanese Americans, on the other hand, were forced into relocation camps, opening employment and business opportunities that they formerly held. With the acute shortage of manpower, other industries soon followed the government’s example in utilizing Chinese Americans to ease the exigency.\textsuperscript{11}

Whether immigrant or American-born, young wives worked in the family business to help out or sought employment to supplement the family income. Few had the luxury of being just a housewife and mother. In the family business, they drew no regular wages but received money when it was necessary to pay household expenses or make purchases for the family. Their labor meant not having to hire and pay for outside help, but essentially they were partners in the business. They served as cashiers in restaurants and grocery stores; washed, folded, and ironed clothes in laundries; and worked alongside their husbands in agricultural enterprises. Because of their contact with the public, immigrant wives learned English on the job, further acculturating themselves into American life. The children of business owners were also expected to lend a hand in the
family concern, helping after school and during weekends and eating meals in the back room of the businesses.

Some wives secured employment outside the family business. In the Sacramento area, for example, women sewed clothes in garment factories, sorted and prepared vegetables and fruit in canneries, and cut fish and peeled shrimp in seafood canneries. Most of the jobs required little or no English skills and were seasonal and part-time, ideal for immigrant mothers with young children. Immigrant women commonly regarded working in the canneries as desirable, getting union wages and benefits and a regular work schedule from an American corporation. Working in the canneries provided not only a sense of independence and economic worth, especially coming from a culture where women were kept almost cloistered in the home and village, but also an opportunity to socialize, exchanging news, gossip, and experiences. This helped strengthen community bonds along with the traditional family and district associations that regularly sponsored celebrations of annual festivals.

The Community

Social activities in Sacramento and Northern California were not limited to traditional celebrations carried over from the homeland. In communities where they were not fully accepted by the dominant society, Chinese Americans continued to retain a strong sense of identity and loyalty to China, especially the immigrant generation. In the early 1930s the invasion of China by the Japanese roused the nationalistic spirit of Chinese Americans. Where their populations were large, they organized themselves into political action groups to provide financial aid to war ravaged China. As the war progressed, various clubs with ties to the Chinese government sponsored “rice bowl” parties, shows and plays, and parades to generate funds for the
war effort. Chinese Americans purchased Chinese war bonds and marched in parades while their children recited loyalty pledges to China in Chinese language schools. These activities nurtured a sense of pride, patriotism, and unity among Chinese Americans, but these ideas that transcended their everyday concerns would incidentally be redirected toward America, especially for the American-born generation.

From the 1930s to the early 1960s the American-born generation lived a bicultural life. In urban areas like Sacramento, they learned about American culture at school and popular culture through the media. They participated in recreation, sports, clubs, and entertainment much like their white counterparts but usually within their group in their de facto segregated community. In other words, they acculturated but not assimilated. At the same time, they learned about their heritage in the Chinese language school and upheld the Chinese sense of mutual responsibilities at home, exemplified by helping out in the family business. Less prejudice and bigotry was directed toward them than earlier generations, although they learned to ignore or circumvent these problems when they occurred. They lived in local neighborhoods along with other minority groups such as African Americans, Chicanos, and Japanese Americans. In the rural communities of Northern California where there were fewer of them and where they lived spread out among the dominant population, the experience of the American-born generation was mixed. Some encountered prejudice and discrimination by the dominant population, causing them to keep close to their family and home or to travel to other communities with larger Chinese American populations to socialize. But some Chinese Americans and other minorities had little or no problems with the dominant population. A possible explanation for this can be found in the fact that there were no ethnic enclaves like Chinatowns in rural communities for Chinese Americans to live isolated, having little or no contact from the rest of the greater population. For decades extending back to the
nineteenth century, Chinese Americans in rural communities were an integral part of the agricultural economy and often times of the social composition. This development was thoroughly researched in Sucheng Chan’s *This Bittersweet Soil*. These diverse experiences dependent upon locale deserve further study.

During the war, some of the American-born generation along with the immigrant generation joined the armed forces to serve China as well as America while others entered the military industry. Some did not volunteer but were drafted. When veterans returned, they took advantage of the opportunities available to them; for example, G.I. benefits, employment, citizenship, and immigration of foreign-born wives. Second and third generations enrolled in colleges to major in medicine, dentistry, education, pharmacy, accountancy, engineering, and other professions. They practiced their medical skills in or nearby their neighborhoods, or found jobs in public employment, government, and military installations.

**Change**

In Sacramento, social breakthroughs occurred in the 1950s when Chinese Americans began to move out of the southern part of the central area where most of them had lived. Since the turn of the century, Chinese American families gradually moved south away from the center of downtown but still within the central area. Near the center of downtown remained the economic and social heart of the Chinese American community and the domain of the bachelor sojourners who lived in the basement and second floor quarters in stores, laundries, and restaurants. A little further away, the southern central area offered inexpensive apartments and single-family houses suitable for young families starting out. The concentration of like families afforded a sense of familiarity and security for many whose language skills and understanding of
American culture were limited. But as Chinese Americans became acculturated and financially successful, they sought housing changes to reflect their entry into middle-class.

Housing segregation was gradually eroded when supportive white friends helped Chinese Americans purchase homes in neighborhoods formerly prohibited to them by real estate covenants and convention. Most of the wealthier Chinese Americans favored living in the affluent southern sections of the city while a few moved into the city’s northern and eastern areas. The economic and educational advancement achieved by Chinese Americans after the war certainly helped weaken the prejudices against them, especially the acculturation of the American way of life by the American-born generation. The dominant group’s acceptance of Chinese Americans moving into their neighborhood may also be due to the fact that they were willing to tolerate one or possibly two families as long as they did not live next or close to each other. This may help explain why some Chinese American families were able to reside quietly in small cities and rural areas of Northern California without any hostility directed towards them.

But again, there were some Chinese American families in rural communities who experienced no discrimination whatsoever, fraternizing with members of the dominant as well as other minority groups in every way.

As more old grocery stores were closing in the central business district of urban areas, modern supermarkets were opening in the new suburbs, pursuing the patronage of an increasing number of young American families. Many of these supermarkets were owned and operated by Chinese Americans who got their start in the retail food business a generation earlier. By the mid-1960s Chinese Americans in Sacramento and Northern California were well on their way toward assimilation into the greater community, or at least had a greater opportunity than in the past to do so. One of the reasons for this was their dominant presence in the supermarket business. Basically, they were gaining social
acceptance by way of their economic achievement. Another reason was the civil rights movement and its subsequent laws of the mid-1960s that forced open the door of social, economic, and political opportunities for all minority groups.

With the opening of more opportunities, many second- and third-generation Chinese Americans did not enter their family business after their formal education, although some did because there were jobs available for them. The economic security gained by the hard work of the earlier generation of owners afforded their children higher education for pursuits of professional and technical careers. There were increasingly fewer descendants wanting or willing to take over the helm of the family businesses because there were so many other choices offering better working conditions, income, and prestige. In their parents’ generation, there was little or no choice. They created their own jobs, risking their savings and taking on long hours and hard work.

In order for most Chinese American businesses to maintain their profits or to expand their operations after the mid-1960s, they needed the same type of labor force that was readily available in the past because they continued to operate generally in the same way as in the past. But the Chinese American population from which the businesses hired their labor was changing markedly. It had become more diverse and less interdependent with the influx of new immigrants from different areas of China and with the Americanization of the younger generation, rendering old social and family ties less strong and important. The sense of duty, security, and belonging were things of the past. Everyone was going to be on his own to compete for the increased opportunities in the larger society. In addition, the business environment had changed. The operation of businesses had become more complex, competitive, and costly; therefore, the making of allowances for hiring unemployed relatives or the retaining of employees during bad business periods became unworkable.
Large Enterprises

Until recently most Chinese American businesses remained small, the typical owner apparently preferring his own management or a partnership in a small firm. What was unique about Chinese American owned supermarkets in Sacramento and Northern California communities was that their operations were large, dominant competitors against national and local chain operations in markets catering to the greater community for about three decades. Preceding these supermarkets, there were very few comparatively large-scale Chinese American companies in America that were successful. They included the Wah Chang Trading Corporation of New York, which dealt with trading and processing tungsten; the Joe Shoong’s National Dollar Stores headquartered in San Francisco, a clothing department store with 40 outlets in the West and Hawaii; and the Bank of Canton incorporated in California in 1937. During the latter half of the nineteenth century and the early decades of the twentieth century, there were some very large enterprises but they eventually failed due to their inability to compete with large American corporations and to adapt to changing economic and political forces. Their finances were also mismanaged. These business ventures included import-export firms, tenant-farming and fruit-processing enterprises, a shipping company, and a bank. Except for the agricultural enterprises, the impact of these big businesses was felt primarily in San Francisco’s Chinatown, influencing the community’s economic, social, and political developments. These businesses and the people who ran them had economic and political links with southern China. On the other hand, Chinese American owned supermarkets were integral parts of their local communities’ socioeconomic make up from the onset.
The beginnings of Chinese American supermarkets were modest. None of the founders of what would later be dominant supermarket companies had specific plans let alone grand goals in mind. They were just trying to make as much money as possible with the opportunities available to them. The early success of Chinese American grocery stores and later supermarkets had as much to do with unique circumstances, timing, and luck as it did with sagacious decisions and hard work. They took the first step and their supermarkets’ development followed the rapid growth of the retail food industry. With an increasing population, expanding economy, and advancing technology, it seemed that little could go wrong with operating a food store. These early entrepreneurs were afforded swelling waves of opportunity and they rode them toward prosperity.

The founders were immigrants with no prior experience in the grocery business, but had acquired skills that would help them start and operate a new type of grocery store. By chance or plan, their timing could not have been better. The retail food business was changing. Small specialty stores and markets that sold only groceries, meat, bakery items, dairy products, or fruits and vegetable were being brought together into the combination grocery store under single ownership. Clerk assistance, credit, and delivery were being replaced by self-service and cash-and-carry. National brands were being advertised and distributed throughout the country, standardizing the inventory of food stores. Changes in the retailing of food brought changes in the shopping habits of
customers who henceforth considered price and selection in addition to service in choosing where to patronize.

The immigrants’ skills as butchers and as produce growers and peddlers helped them to open and operate the combination grocery store. If they had no prior experience in these vocations, they learned on the job. Because the combination grocery store was also in its early stage of development, there was room for trial-and-error before mastering the ways of retailing. It was business skills learned in selling meat and produce that helped them integrate into the grocery business that heretofore had been dominated by national chains and independent Caucasian shopkeepers. And it was their intercourse with the general public in selling meat and produce that facilitated the general public’s acceptance of them in selling groceries. Finally, it was their work ethic and cultural solidarity helped them succeed, prosper, and grow.

When they arrived in America, many were penniless but they had youth, energy, and determination. From the beginning, their goal was to earn as much money as they could to remit to families in China and to build a future for themselves. Deciding to settle in America was not a difficult choice because there was widespread chronic poverty, hunger, and strife from where they emigrated. When they accumulated enough money from their labor, they opened their own businesses to earn more. A common trait among these early businessmen was their relentless drive to do better each year than the year before. When they married and raised families, their wives and children also worked in the family business, each member taking for granted his or her responsibility to contribute to the collective good of the family. This familial obligation helped substantially to build the foundation for their success and financial growth. If the business was a partnership, each partner worked diligently because prospering as a group meant prospering
individually. This practice in mutual responsibility and benefit sustained perseverance, nurtured competitiveness, and secured profits in their grocery stores and supermarkets.

The Father

Many of the large operators in Sacramento and Northern California considered Lee Gim the father of the Chinese American supermarkets. Whether or not he opened the first Chinese American owned retail food store that sold American products to an American clientele is unclear. However, two claims are certain: his first store provided the apprenticeship for many future owners and his investments helped capitalize more than twenty grocery stores and supermarkets in Sacramento and Northern California, including six of the seven Famous Food Stores, the first generation of Chinese American supermarkets. His business acumen, generosity, and probity earned him genuine respect from his partners or associates and from the next generation of supermarket operators.

Lee Gim immigrated to San Francisco in about 1916 when he was sixteen or seventeen years old and worked in a restaurant, presumably as an all-around helper learning various skills. Soon he migrated to Northern California to work as a cook, first in a small town restaurant and later in a ranch owned by a prominent family. For the next few years he cooked for the family and hired hands, and he looked after his employer’s children. Meanwhile in the nearby town of Colusa, a friend of Lee Gim, Lee Toy, ran a successful laundry, profitable enough such that he was able to finance the construction of a two-story building in 1918. Lee Toy leased the building on the corner to two Japanese brothers to operate it as a general store selling a variety of merchandise including food products. For reasons uncertain, the brothers quit the business after two years, leaving some inventory behind. Lee Toy began coaxing his good friend to take over the abandoned business and operate it as a grocery store. Although he did not
know a thing about selling groceries or running a business, Lee Gim agreed, moving to Colusa in 1920. Lee named the grocery store Chung Sun Market after China’s nationalist hero Sun Yat-sen whom he admired.¹

To say that Lee’s beginnings were modest would be an overstatement. His capitalization was nearly zero because he took over a store with some merchandise to sell. He started and worked by himself and learned on the job, working around the clock or more six days, sometimes seven, a week. He did not own or know how to operate a cash register. A sales transaction was conducted on an abacus and change was handed out from the pockets of a carpenter’s apron, each holding a denomination of cash. The retail sales space of the store was about 800 square feet, considered very small by today’s standards but larger than the average 500-600 square feet in those days. Groceries were stacked in shelves that ran up the store’s high walls and produce was displayed on racks outside the store. Since there was very little refrigeration back then, only milk and cured meats, like ham and bacon, were sold. It would be safe to assume that many of the customers from the ranches slaughtered their own livestock and poultry for fresh meats.²

At that time, grocery stores were still providing credit-and-delivery, especially in rural communities; therefore, he purchased and learned to ride a bicycle. When a customer placed an order, he would close the store, deliver the merchandise by bicycle, collect payment, and return to the store until the next delivery. Customers with accounts would pay off their balance at the end of the week, month, or year, depending upon their credit worthiness and length of patronage. For an agricultural community where income was seasonal, this was a principle means of doing business. This credit service was extended to ranch workers as well as their employers. During the hard times of the depression, many farmers were unable to pay with cash their purchases or credit
balances; therefore, they would pay in kind with produce and other farm products such as eggs. But some never paid their credit balances. Even to this day, there are accounts receivable that could be settled by the descendents of the credit customers still shopping at Chung Sun Market. For Lee Gim, his kindly practice built up customer loyalty and community good will that would serve him and his family well for many years.\(^3\)

Lee Gim slept in the basement beneath the store and cooked his meals in the kitchen there. Business grew rapidly and Lee offered a partnership to a friend who was also a former cook to help him with the increased work. Bringing in a partner was the logical choice for Lee because an associate with an interest in the business would likely be more responsible and reliable than an employee. But this would not always be the case as circumstances soon proved. Lee Gim did eventually hire four or five employees, and like Lee the partner and employees lived in the basement of the building. In the early days of employer-employee relationship, the former was expected to provide room and board while the latter was expected to render loyalty and trustworthiness. This reciprocity carried over from the old country would help Gim Lee and other Chinese American proprietors maintain a high degree of competitiveness and profitability in the retail food business. In day-to-day terms, employees would have to work very long hours side-by-side with their employers.

It was not difficult for employees to acquiesce to the demands and expectations of their employers. Employees were very often young, energetic men who were single or without family in America, thus store personnel became the surrogate family and the employer the head. Eating and sleeping on the premise reinforced that notion. Their industriousness and indebtedness to their employer would be further strengthened when it was their employer who sponsored their immigration to America, as was the case of Lee and some of his employees. Oftentimes they came from the same village as their
sponsor or a nearby village, and were related or friends. Some new immigrants would work for low or no wages for a prescribed period to pay off the cost of their immigration which their sponsor born. Because nearly all of the immigrant employees had limited or no occupational skills and English proficiency, and because of prevalent discrimination, opportunities for other types of employment were very restricted. Compared to agriculture, laundries, restaurants, and domestic services, working in a grocery store was considered highly gainful employment, especially for immigrants from impoverished villages. They would supply a steady stream of eager employees for the next few decades. Moreover, these employees would be able to apprentice, learning skills that would prepare them to open their own business in an industry that was expanding.

Everything went well for everybody for the next five years. So well that some of Lee’s employees earned and saved enough money to leave Chung Sun Market to form partnerships to open their own grocery stores in nearby small cities such as Marysville, Woodland, and Oroville, and in other locales further away. Some of the new owners were still teenagers. They were either relatives or friends from the same village in China where Lee came or from nearby villages. Lee helped finance those stores by becoming a shareholder, but he was not involved in their day-to-day operations as a working partner. Lee sometimes assisted a relative or friend to become a partner in a grocery store by underwriting his share to be paid back from future profits. The capitalization of the new stores was solely from the pooled resources of the partners and shareholder. Financial institutions such as banks would not lend the Chinese, whether immigrant or American-born, money for any purpose. But that did not matter since the partners preferred using hard cash only for business affairs. It was not until the late 1940s that they understood, trusted, and used financing from lending institutions. The amount invested by each partner or shareholder varied; the higher the investment, the higher the share of
profit at the end of the year and the greater the voice in decision making in the partnership. The partnerships were often unequal and there was no written contract to bind their partnerships or to itemize each partner’s investment, only verbal agreements or commitments; not even a handshake. Required municipal business licenses and land deeds often recorded only one or two names of the partners or shareholders. They depended upon each other’s integrity and trust to make the business a success. In their close-knit socioeconomic network, they prided themselves on these values. But this arrangement worked well as long as the stores made good profits and all the partners and shareholders upheld their bearings.

In 1925 Lee returned to his native home to visit his family and get married. He had planned this trip for a long time and felt that his partner and employees would take well care of his store. He was wrong. After a few months in China he received an urgent message to return to Colusa as soon as possible because the business was in trouble. He left his pregnant wife behind and for about the next half year he kept close supervision of the store to restore it to good footing. From that episode he learned what factors would cause a grocery business to decline and what would make it successful. Foremost were the disposition of the personnel and their treatment of customers. Selling groceries was a service, requiring attentive and sensitive management of personnel and customer relations. On-the-job training and trial-and-error learning could only go so far. The lesson would serve him well for the next fifty years.

In 1931, Lee sent for his wife and young son to immigrate to America. The family would eventually grow to nine children and they would live upstairs of the grocery store in the apartments. Everyone was expected to work in the family business as soon as they were able, usually at age seven or eight. There was no monetary compensation or allowance. The children worked after school, stocking shelves, filling orders (called in by
telephone) for delivery, and waiting on customers. After graduating from high school there were not many other employment opportunities that yielded good income for Chinese Americans in the small rural community. Chung Sun Market therefore gradually became a family-run operation as sons, daughters, and in-laws assumed key positions when partners and employees left. The profits and wages that previously had gone to partners and employees stayed in the family to be saved and invested.6

Because Chung Sun Market was a family-run operation, organized labor did not pressure the market to unionize the personnel. But the business did have a critical problem in the early years: finding a grocery wholesaler willing to sell products to Chung Sun Market. Ultimately, the company that sold to the store was Arata Brothers Wholesale Grocery, later renamed Valley Wholesale Grocery, over seventy miles away in Sacramento. At the time, Arata was a small company starting out, trying to establish a clientele. Owned by the Arata brothers who operated their own food stores with the same name, the company did business with the Lees until 1957.7

Other grocery wholesalers were not willing to deal with Lee Gim possibly because they could have had reservations about his ability to succeed and pay his bills since he was a novice in the grocery business with no credit. But they could have sold him products demanding cash on delivery (c.o.d.), which was what Arata required when it made its early shipments to Lee. It was also possible that the other wholesalers had established business ties with Lee’s competitors and did not want to strain their relationships. By similar reasoning, Lee’s competitors could have pressured their wholesalers not to sell to him. Lastly, it was possible that other wholesale grocers did not want to deal with Lee because of their racial prejudice. When other Chinese Americans opened their grocery stores in other cities years later, they also had no choice but to buy from Valley. The other wholesaler grocers may not have wanted to sell to the Chinese
Americans for all the above reasons, but by the late 1940s when Chinese American operators became major competitors in the retail food business, they could not ignore the grocers any longer and began courting their business. Finally, the wholesale purchase of produce and meat was not a problem since Chinese Americans were involved in those enterprises long before entering the grocery store business.

A common practice at the time, the Lees sometimes made large wholesale purchases at good prices and stored the surplus in the warehouse located in the back of the store for future stocking and selling on the sales floor. The steady increases in sales volume and profit during the 1930s to the 1960s allowed them to operate in that investment-like way. Sometimes it was not the Lees’ decision to purchase extra merchandise. During the early years Valley would load additional merchandise onto the Lees’ order without their knowledge, charge them for it, and coerce them to pay for it. Tolerating sly maneuvers was the cost of doing business with Valley when it was the only company willing to sell to the Lees. The cost of transporting the weekly delivery at such a long distance was the responsibility of the Chung Sun Market, so the Lees eventually purchased trucks and learned to operate them to pick up groceries and other supplies. Because the Lees had invested in other grocery stores and supermarkets in nearby communities, all the stores shared the use and expense of the trucks.6

With profits from Chung Sun Market the Lees would help finance other grocery stores and supermarkets from the late 1920s to the 1950s. Lee Gim and most of his children would remain in Colusa to operate the expanded Chung Sun Market while the eldest son Leland would manage some of the other supermarkets in which the family invested. They would not build a chain of supermarkets under one company but would become shareholders in independent operations in several communities that were interlinked by various shareholders. These shareholders would create a diffusion of
supermarkets that would dominate the retail food business in Northern California from postwar to the late 1960s. They are regarded as the first generation of Chinese American supermarkets. Among this generation were chain operations whose owners began in ways similar to Lee Gim’s experience. A second generation of supermarkets would begin as the first reached its peak, their owners learning the trade while working in the latter. More details on the two generations of supermarkets will be discussed in the next chapter.

From Cook to Butcher to Grocer

An immigrant became a cook, then a meat cutter, and ultimately a grocer. It was his wife’s insistence to purchase a grocery store. In due time, this grocer would open one of the first Chinese American owned supermarkets in Sacramento and his family would eventually expand to three more stores in the area. In the mid-1970s, the family would withdraw from retail food business, the older generation to retire and the younger generation to pursue professional careers. But their success in the grocery store and supermarket business provided the family socioeconomic advancement that heretofore were difficult to attain by most other means. The general population as well as Chinese Americans came to view them and others that operated supermarkets with high regard, epitomizing the Horatio Alger model.

George Quan immigrated to America in 1917 or 1918 with no money. He worked in his sponsor’s restaurant in Sacramento for the next several years at no wages in order to pay off his obligation. As a laborer he started out washing dishes and doing other menial tasks. In due time he learned to cook, a skill that would later help him move into a related occupation, a butcher or meat cutter. Subsequently he found employment at other restaurants, including one in an upscale hotel in downtown. He earned enough
money to go back to China and marry his betrothed bride. He returned with his wife to Sacramento in 1926 and continued working as a cook, saving his money for a good opportunity.9

Quan used his savings to invest in a retail meat shop, the Liberty Meat Market, becoming one of the five young partners in 1928. The meat market was located about a block from the extensive Southern Pacific Railroad yard where hundreds of workmen were employed. They were the steady customers of Liberty, buying fresh and prepared meats over the service counter. Quan remained a partner for the next ten years, but in the meantime his wife had more ambitious plans for the family which already included two sons.10

After arriving in Sacramento, Mrs. Quan went immediately to work at the nearby Del Monte Cannery, a seasonal job. In 1930 she persuaded her husband to purchase a small corner grocery store for her to operate. Not knowing how to speak English or how to run a grocery store, she waited on customers by herself, learning both on-the-job seven days a week. The neighborhood store was named New Way Market, but regular customers called it Mary’s, after its proprietor. Because both her young children and business required full-time attention, the family moved into the rooms behind the store to reside. The next five children would be born there during the depression, although none of the youngsters were needed to help their mother in the store. The income from the store was not sufficient to support a growing family, requiring Mr. Quan to continue working at Liberty.11

With a larger family arose a bigger plan that resulted after recognizing a great opportunity. For years the enterprising Quan sold fireworks from several stands in the old Chinese section of Sacramento in the weeks preceding the July Fourth celebration. By the late 1930s the city banned their sale, forcing Quan to find another location that did
not have a prohibition. He found a site in Broderick, located on the other side of the Sacramento River directly across from the railroad yard from where most of his customers would come. Down the street from Quan’s new stand was a grocery store that appeared to be doing great business, selling also to the workmen who daily crossed the nearby bridge to return home. The working class neighborhood was completely full of houses and families, a large proportion of them Mexican Americans. Hence, the Quans decided to “horn in” on the market’s business. After selling the family grocery store and the share in the Liberty partnership, the Quans pooled their resources with capital from a partner, George’s brother, to start I Street Bridge Market. The brother spoke better English than the rest of the family, rendering him indispensable in conducting business affairs.12

The Quans leased the dilapidated building in which they had their stand and remodeled the interior to accommodate a food store. After tearing down walls, the size of retail floor space was 3,000-4,000 square feet, six times that of the corner store despite the fact that the Quans did not know what was needed or have any floor plans. But at the time, I Street Bridge Market was considered a fairly large drive-in market where customers could park their automobiles right in front of the building for their convenience. With hired help, they built wood shelving and counters for displaying merchandise. The cost of refrigeration was minimal, needed only for fresh meats and dairy products. Produce was stacked and displayed on stands, shelves, and the floor inside and outside the store. In sum, outlay for equipment was low. They opened an account with Valley Wholesale Grocery to purchase inventory, although their first few shipments required cash on delivery. Like the Lees of Chung Sun Market in Colusa, Valley was the only wholesaler willing to deal with the Quans. At the start, store personnel consisted of the parents, children, uncle, and a few full- and part-time Chinese American employees. Later, Mexican Americans from the neighborhood were also hired. Of
course, Quan was the butcher while his wife handled the over-the-counter meat sales. After school the seven Quan children stocked groceries and displayed produce under the supervision of the uncle. Work went on for hours after closing time.13

The early employees were inexperienced, learning on-the-job. Some were recent immigrants who spoke little or no English while others had been in America for quite a few years and had acculturated to some extent. Full-time employees were paid about $60 a month for working six days a week at twelve hours a day. If an employee was exceptionally productive, he would receive a bonus. None received health and welfare benefits. At that time, retail food labor unions in Northern California were still organizing and their strength was spotty—some areas strong, some areas weak—depending upon the efforts of the particular union representative. Generally, they encouraged employees to voluntarily enroll in the unions. But the people the Quans hired were grateful to them for their jobs because of the economic depression. If needed, room and board were available at a house rented by the Quans located next to the market. For young Chinese immigrants without families, this arrangement was ideal. With little or no occupational skills, the employment provided them with apprenticeship that would help them operate their own stores years later.14

From the start, business was very good, much of it due to the ending of the depression and the beginning of the war. The older, smaller grocery store down the street was virtually no competition. In the war years the market sold everything it could stock, making generous profits for the family. But the profits were reinvested back into the operation of the market, purchasing fixtures for store enhancement and building credit with the wholesalers and vendors. Ten days of credit extended to twenty, thirty, and sometimes sixty days, enabling the Quans to eventually stock and operated the market on their suppliers capital. However, the Quans were still novices in selling
groceries at maximum efficiency, a shortcoming exposed when real competition came. Business was so good during and after the war that it attracted others to open a supermarket a block away in 1949, a supermarket with roots in Chung Sun Market.\textsuperscript{15}

Quan's bother left the market and the family compensated him for his partnership. Responsibility of the grocery department was given to George Quan junior, age fourteen in 1941. His duties now included ordering and pricing merchandise and dealing with sales representatives, making for very long work hours especially when he and his younger siblings were still attending school. But the family continued to manage the business by same unstructured and unplanned manner since the beginning, "by the seat of our pants." Pricing merchandise, for example, was done by "rule of thumb," by marking items a cent or two below their competitors' prices, and by asking sales representatives for prevailing selling prices. Then they hoped for high sales volumes to make a good profit.\textsuperscript{16}

As a family-run operation, the Quans had the discretion to build a profitable niche market as well as to help customers in need. They developed a thriving business with Mexican labor contractors in several counties, for example, by selling to them on credit bulk quantities of ethnic foods to feed their hundreds of workers in labor camps. The Quans used an adjacent warehouse to store truckloads of beans, flour, lard, wine, special cuts of meats, and other products. They provided this service until the mid-1960s when California ended its bracero (temporary Mexican laborer) program. They gave personal loans, not store credit, to individuals who were short in cash. By giving loans the Quans fostered personal relationships and loyalties with their customers instead of building impersonal store credit on which they could feel no reservations about defaulting. These particular services worked well for a one-store family operation where
success was partially the result of building "good faith" among customers as well as vendors and wholesalers.\textsuperscript{17}

The Quans kept minimal records and had undefined sales strategies and long-term goals. Bookkeeping was simple: revenues from sales were deposited regularly and payments for inventory, supplies, and expenses were made when necessary. They reasoned that as long as they had money to pay the bills and taxes they were getting enough business, not knowing exactly how profitable the market was until after the year-end inventory. Usually they "got some big money left over." Family members received no regular wages but each was able to draw money from the family's shared savings account for expenses and purchases. The Quan's simple, casual approach toward business concerns was also exemplified in determining locations for expansion during the 1950s and 1960s. Like I Street Bridge Market, the sites for the next three supermarkets were chosen because they were across the street from or very near food stores that were doing considerable business. In all three cases, the other stores were part of the Lucky Stores chain, a company that selects their locations after thorough market studies. As the Quans expanded, they put their four supermarkets under the appellation Giant Foods. The Quans would reap huge profits from the rapidly growing supermarket business until pivotal changes in the economy and substantial developments in the retail food industry rendered their characteristic ways of running supermarkets unprofitable.\textsuperscript{18}

\textbf{From Farmer to Peddler to Grocer}

Until the company was sold in 1992, the most modern and innovative supermarkets in the Sacramento area were the seventeen Bel Air Markets operated by the Wong family. The family was the only operator in Northern California who departed from the industry when their supermarkets were some of the highest grossing stores in the
area. Other Chinese American operators saw their sales volumes stagnate and profits evaporate, eventually forcing them to close or sell their stores. Much of Bel Air’s success was owed to the Wong family’s business philosophy which focused on good organization, dedicated reinvestment, constant innovation, and risk-taking, and to their sincere appreciation for their customers, employees, and vendors which was reciprocated. Their philosophy and orientation began with the patriarch of the Bel Air organization, Wong Gim.

In 1916 Wong Gim came to California as a sojourner to work as a farm laborer, following the example of his father. He had purchased “papers” enabling him to enter, leave, and reenter America. A year later he returned to China to marry and start a family. But in 1922 he immigrated again to California, this time with his wife and five year-old son to stay permanently because he saw more opportunities in “gold mountain” than in his impoverished home village in China. At the very least, America offered a chance for a livelihood whereas his homeland did not. Following relatives who had immigrated there, the family settled in the rural Newcastle/Loomis area, located about thirty miles northeast of Sacramento. Wong and his wife became sharecroppers on an orchard farm. After about five years, they saved enough money to purchase five acres of fertile land adjacent to the Chinese settlement in the nearby town of Penryn. The land cost about $2,000, a significant amount in those days but a good indication of the industry and thrift of the Wongs. He cleared the land for orchards but on about one acre his wife planted vegetables. She grew so many vegetables that Wong began to peddle them door-to-door to residents in the area. As business prospered he purchased an old pick-up truck for delivery, an expenditure that helped him expand his market further where he gained regular customers in communities such Auburn about ten miles north. He used the truck to purchase in bulk other fruits to supplement his inventory, increasing the
variety of produce for sale. Thus, Wong’s beginning as a food retailer was fortuitous, but it took more to become successful. Besides his commitment to selling quality produce, his pleasant outgoing personality, and his attention to the needs of customers helped him build and secure a loyal clientele. These attributes carried over to his family and to the operation of the family’s next enterprise.¹⁹

Despite that fact that there was an economic depression, the family always had plenty to eat because they were able to raise livestock and poultry as well as grow vegetables on their farm. The farm was essential to their well-being because there would eventually be ten children to feed. All of the children worked after school, each doing his or her share for the family. Because they lived fairly isolated in a rural locale, the family worked and played together. Their mother grew and picked the produce, while the children prepared produce for sale, loaded them on the truck, and helped their father make deliveries. Their agricultural community consisted of “humble working people” of various ethnicity, Caucasians, Chinese, Japanese, and Filipinos. Because most people were of the same socioeconomic background, the family experienced no overt discrimination. They lived comfortably in a seven-room house that Wong built on a hill overlooking Sacramento. In the large basement, they prepared and stored the produce and parked their delivery truck. So it was a propitious early stage in the Wong family’s journey to becoming preeminent supermarket operators.²⁰

The Wong family’s first venture into the grocery business was undertaken by the eldest son Bill in 1937. After graduating from high school, he went out on his own to create a job for himself. He convinced a Chinese American grocer in Sacramento to hire him as a produce buyer for his three grocery stores. Wong’s initial salary was $50 a month, later $60, for working twelve to fourteen hours a day. Every other week he received a Sunday off. The long hours and laborious work convinced Wong to toil for
himself rather than for somebody else. A salesman from a produce wholesaler informed
Wong about a small grocery store in Sacramento for sale because its owner wanted to
retire. With $1,000 from his savings and $1,000 borrowed from his father, Wong pooled his
money with a partner's to purchase Save More Market for $4,000 in 1938. The small store
was about 700 square feet and sold a little bit of meat and produce along with
groceries. But business was not good during their first year. Struggling to barely get by,
the partner became restless. Wong, therefore, purchased his partner's share of the
grocery store. Wong then summoned a couple of his brothers from Penryn to assist him in
running the store. From 1939 to 1942 Wong operated the store until he was drafted into
the war. Upon entering the military, Wong turned the store over to his father and the rest
of the family. Wong Gim gave up his produce route and moved to Sacramento to run
the store, but only for a very short time.21

The internment of Japanese Americans left Penryn without a grocery store,
providing the Wongs an opportunity to open one there. In addition, Japanese
Americans farmers had to abandon their fields and produce markets. Soon after moving
to Sacramento, the Wongs sold Save More Market and returned to Penryn to rent a
vacant building to begin operation. The family operated the 800 square feet store from
1942 to 1949, and they continued selling fruit, regularly taking a truckload to Sacramento
and bringing back groceries for Penryn Market. Like the Lee family in Colusa, they
purchased from Valley Wholesale Grocery.22

Recently discharged from the military, Bill Wong married a girl from San Francisco
and opened a combination grocery store in Berkeley with his brother-in-law as partner.
United Food Center was about 1,000 square feet in sales space and located in a
predominantly African American working-class neighborhood. Business was very good,
allowing Wong to purchase a home in upscale Piedmont nearby and almost the whole
block of real estate on which the store and other businesses stood. With Wong’s two brothers and other in-laws as additional personnel, sometimes as many as nine people worked the busy store. For working around the clock seven days week, everyone received minimum salary, but shared in the profits at year-end. Wong would continue to operate the store until 1959, at which time he relinquished his partnership to his brother-in-law to focus on his family’s recently established Bel Air Market in Sacramento in which he had a share. He had been commuting to and from Sacramento since Bel Air Market opened in 1955. 23

Another brother, George, ventured out on his own in 1948. He and three other partners, his brother-in-laws, opened a supermarket called Consumers Market in the southern part of Sacramento. At 9,000 square feet, it was considered a very large store at the time. In a new building the supermarket was laid out according to the partners’ specifications with big grocery, meat, and produce departments. It costs approximately $10,000 to start the supermarket, a modest capitalization due to the fact that they leased the building, financed the equipment, and purchased inventory on credit. Each of the four partners had an equal share. They hired Caucasians as well as Chinese Americans and paid them union wages and benefits soon after the store began operation. Unlike other Chinese American owned supermarkets, the partners did not offer room and board for employees. Business was very good from the onset because of the increasing population, home construction boom, and general economic prosperity in the area. These favorable trends continued for years and seemed to be unending. After some years, Wong initiated a plan to take greater advantage of them, selling his share of Consumer’s Market to the other partners and then venturing out again, this time with his family. 24
With opportunities abound in Sacramento and many years of experience among them, the Wong family decided to open their own supermarket in a partnership. Their approach in opening their first Bel Air Market established a pattern used for future stores and greatly contributed to their long-term success. By exploring various locations, George Wong found a site in the southeastern part of Sacramento that offered great potential. Existing and new houses and families in the area were burgeoning in the mixed working- and middle-class community. The Wong family put a deposit on the land to secure the site and then sold it to a developer who constructed a building to fit their needs and leased it to them. Before any capital was invested, the family decided to divide the partnership into seven equal shares, including their father’s, at $3,000 a share. But most important, everyone agreed, at Bill Wong’s suggestion, to incorporate the partnership. Utilizing the services of an attorney, they filed for incorporation. Under the direction of George Wong the Bel Air Corporation financed the equipment and purchased inventory on credit to get Bel Air Market started. Except for Bill and another brother, the rest of the family worked in the 16,000 square feet supermarket with clear assignment of duties and responsibilities. The Wongs initially hired just a few employees, employing more only when business increased and when particular expertise that none of the Wongs had were needed. They selected personnel by qualification regardless of the prospective employee’s relationship to members of the family. At the onset the employees received union wages and benefits and worked according to established union labor practices. Finally, whereas most supermarkets, especially those owned by Chinese American, emphasized low price to attract customers, the Wongs decided to emphasize superior service, selection, quality, and innovation to distinguish their operation from others. With only one store and a slow start, their approach to retailing would weather the vicissitudes of the economy and supermarket business in Sacramento.
for years to come. But during expansion their experience was not always a smooth ascent or profitable.²⁵

**Perspectives**

The above narratives compare the various methods and approaches to food retailing among the family and partnership operations during their early years. Each approach set a pattern for future expansion and was fundamental to the rise and dominance of supermarkets. Some operations began earlier than others, reaching their height and plateau of success in the 1950s and 1960s. But most of those were also the first to go out of business or sell their business. Others began later but succumbed to similar ends at a later time. The same factors that nurtured their success often contributed to their decline and passing when some of the owners and partners were unable or unwilling to adapt to the rapid technological advances in the retail food industry and socioeconomic changes in society. Some went out of business not because of external forces but for interpersonal conflicts within the partnerships which caused ruination. Some left the business after becoming tired of proprietorship while others retired after accumulating comfortable assets. These factors and others will be discussed in greater detail in the next two chapters, but first, some perspectives about the narratives.

The first generation of grocery store proprietors had a disposition that served them well in business. They wanted to earn as much money as possible. It was a paramount concern carried over from their firsthand experience of the widespread destitution in the old country. With limited resources, overpopulation and starvation were endemic in the Toishan district from where they came. Because daily struggle for subsistence was the norm, there was no question as to why they wanted to leave. Moreover, under way
since 1911 was a political revolution with various warlords, political factions, and revolutionaries vying for national and local power, making sociopolitical life in China uncertain at best. Immigrating to America became as much a matter of survival as economic opportunity, even more so for the families left behind in the villages who depended upon remittances. The immigrants’ drive to make money sowed and nurtured an industrious entrepreneurial spirit that resulted in the competitiveness of their enterprises in America.

When retired owners of Chinese American supermarket recently returned to visit the home villages from where their fathers and they came, they were dumbfounded by how little the countryside and life have changed. The poverty was still overwhelming even after decades of remittances to families to improve their living standards, after the myriad modernization programs implemented by the government, and after the current changeover to a market economy. But current conditions could be explained partly by the fact that many people, especially the young, have moved to large cities for better opportunities and life, deserting the unproductive soil and austere agrarian life. In essence, the migration of today reflects the emigration of yesterday, people seeking a better life. Just as the flow of people supplies the abundant labor for the economic growth of China today, it supplied the cheap labor for the competitiveness of Chinese American grocery stores and supermarkets in California in the past.

Immigration kept the flow of labor coming, but without the kinship and fraternal solidarity among employees and employers their grocery stores and supermarkets could not have been successful during the earlier years. As described earlier, immigrant employees were willing to work long hours along side their employers for low wages or sometimes without wages. From a contemporary perspective, it may have seemed exploitive for owners and partners to demand such conditions, but the benefits for
employers and employees were mutual and most alternatives for the latter were not better. If employees felt exploited, they often found solace on a saying: “even if one is being cheated, it should be done by a clansman rather than an outsider.” This old-world sentiment was expressed among laundrymen detailed in Paul Siu’s *The Chinese Laundryman.* Within the stores the working conditions and compensation could not have been so disagreeable that employers could not find help. Even American-born Chinese Americans considered working in supermarkets desirable, seeking jobs in them during the 1940s, 1950s, and 1960s.

Prior to World War II, Chinese Americans operated grocery stores and supermarkets with mixed results. Timing, location, and other particular circumstances affected business and profits. As narrated above, the Lees did well right from the start, whereas the Quans could not support the family on the income from New Way Market. Bill Wong made good money in his second venture after the war but barely got by with his first grocery store. Their entrepreneurship was not so much risk-taking as it was seizing the opportunities available. After the war, the retail food business was rapidly changing and expanding, allowing for trial-and-error in operating stores and for new grocers to enter local markets. Their grocery stores and first supermarkets were located in working-class communities or ethnic neighborhoods where they were accepted. It was likely that people in these neighborhoods patronized Chinese American businesses because they identified with their grocers as working people. Selling merchandise at lower prices than their competitors availed the Chinese American grocers to their working-class clientele too. At the beginning, the linchpin to being able to open and operate a grocery store was Valley Wholesale Grocery, the only wholesaler willing to do business with the Chinese American grocers. If it was not for Valley, Chinese Americans may not have entered the grocery business or their start may have been delayed.
The mid-1920s to the early 1930s marked the advent of combination grocery stores and the initiation of Chinese Americans into the grocery business in Sacramento. Some grocers had expertise retailing groceries and were affiliated with grocery wholesalers, but they lacked the experience in procuring, preparing, and selling meat and produce. Because Chinese Americans have been in the meat and the produce businesses for some time, the grocers solicited them to sell their products under the same roof along with groceries. The histories of the Chinese American owned Fulton Markets and the Caucasian owned Cardinal Grocery Stores, which were later incorporated into Lucky Food Stores, recounts these cooperative ventures. Before long the Caucasian grocers learned the meat and produce trades, bringing the separate concessions under their management. But likewise the Chinese Americans learned the grocery trade, soon selling groceries, meat, and produce in their own stores. Fulton Market, for example, started out as a meat market in the late 1910s and began selling groceries in the mid-1920s.27

The entrepreneurship of the Lees, Quans, and Wongs appears unique in light of their modest and sometimes unprofitable beginnings. Their early experiences can be compared with that of the late Thomas Raley’s, founder of the Raley’s Superstores. In 1992 Raley’s had over 65 superstores (50,000-60,000 square feet supermarkets) throughout Northern California and Nevada and had purchased the 17 supermarkets of the Bel Air Market chain. He started as a produce clerk at a Safeway Store in 1931, earning $35 for working fifty-four hours a week. In 1934 he purchased property in Placerville (forty miles northeast of Sacramento) with a down payment of $500 and hired a contractor to build a 2,500 square feet store. After building his own shelves and counters, he persuaded a wholesaler to sell groceries to him on credit, but not without help from his former employer who wrote a letter of credit recommendation on his
behalf. In February 1935, Raley's opened Raley's Drive-In Market, employing six people during that year. He paid his employees $35 for working around the clock, six days a week. Still, his former employees remembered the family-like togetherness among all the personnel, including Raley. At the end of the first year, Raley earned $4,500 in profit. Raley was known as a risk taker who if he failed, tried something else. And during the early years, some of his stores failed but he opened more stores at other locations with reinvested profits.28

In sum, the development of Chinese American grocer stores and supermarkets was neither uniform nor especially successful. Some started earlier, some later. Some independent grocers remained just that and did not enlarge into supermarkets. A large number of the first generation of supermarkets did not develop into chain operations but remained as independent operations linked by common partners. Some of the employees of those stores later formed a partnership and started their independent chain of supermarkets. Whether independent or chain, some operations did not prosper and some failed in the 1950s, 1960s, and 1970s. But overall, Chinese American supermarkets did very well. Thus, the beginnings of the Lee’s supermarket partnerships, the Quan’s Giant Foods Markets, and the Bel Air Markets were very modest. With a lot of hard work, perseverance, and good management, and a bit of luck, their fortunes gradually rose but not without some downturns and failings.

Further Inquiry

From 1930 to 1940 the Sacramento Directory listed a few Japanese American grocers and a wholesaler in the city, although which ones sold American products were not identified. These listings should invite inquiry as to why Japanese Americans did not expand from grocery stores to supermarkets during the later part of this period when
there was considerable development in the retail food business. It was quite possible that increasing anti-Japanese sentiment resulted in reduced or checked patronage of Japanese American stores, enough such that owners could warrant expansion. For similar reasons, the immigration of Japanese was severely restricted after 1924, curtailing the flow of immigrant labor like the kind that was very advantageous to Chinese American owners of grocery stores and supermarkets. Although the Japanese American population was larger than the Chinese American, the socioeconomic composition of the former may not have been suitable for helping grocery stores achieve a higher level of competitiveness and profitability. There was a much more even ratio of males to females in the Japanese American population than in the Chinese American, facilitating the family formation by the former group. Thus, it was very likely a Japanese American grocery store was a small family-run operation, dependent primarily on the wife and children for labor. Such type of labor would not be conducive to rapid growth and expansion. In any case, had Japanese Americans expanded to competitive supermarkets, their businesses would have had to close down or be sold because of the execution of Executive Order 9066 in February 1942 which forced Japanese Americans into internment camps.
CHAPTER 5
GOLDEN TIMES

From the end of World War II to the early 1970s was a period of proliferation and prosperity for Chinese American supermarkets. Business was simply great. These were the “golden times” for the operators when their supermarkets reigned supreme in markets throughout Northern California in their competition against national chains and local independents in small and large communities. They carved out niches in their local markets with their approach to retailing while following some of the trends of the supermarket industry. Taking advantage of opportune socioeconomic conditions, they made a lot of money, their principal goal since the outset. It was during the second half of this period when Chinese American operators built their chain operations and their renowned reputations. Expansion was not a goal of these operators at their inception. The good returns of the first store enticed successful operators to open additional supermarkets to raise their revenues and to increase their competitiveness. Some formed new partnerships to open single supermarkets that were often linked to other supermarkets by common partners. Some opened multiple supermarkets under the same ownership or company, establishing a small chain.

Progress and success of grocery stores and supermarkets were not uniform and widespread. The period, level, and duration of success among single and multiple supermarket operations varied. Most Chinese American grocery stores did not expand into supermarkets and most supermarkets did not expand into multiple or chain
operations. Expansion depended as much on the ambition and ability of the operators as on the amount of business and profit of the first store to finance it. There were two imprecisely discernable generations of Chinese American supermarkets whose business-life cycles overlapped. As the first generation of supermarkets declined and passed, the second rose and prospered, sometimes at the expense of the first generation. The supermarkets of the first generation began operating in the years between 1939 to the mid-1950s and most ended by the mid-1970s. As outgrowths of grocery stores, most of the supermarkets were single-store operations under partnerships and whose height of success ran from postwar to the early 1960s. The second generation began operating in the years between the mid-1950s to 1960. Some operations grew to multiple-store or chain operations under the ownership of private companies, which were made up of shareholders or partners who got their start in the business while employed in the first generation of supermarkets. They were very successful from the 1960s to the early 1970s, but most started to decline during the mid-1970s. There was also an interim generation that was a bit difficult to define because the supermarkets resembled the first generation and started about the same time, but they expanded into chain operations like the upstart second generation, only to become insolvent as the second generation was rising. In sum, the business-life cycles of the supermarkets were as varied as their generational characteristics. The reasons for the decline and passing of all the supermarkets will be analyzed in the next chapter. This chapter deals with rise and success of the prominent Chinese American supermarkets and the growth of their chains.

Location and Prices

The success and competitiveness of Chinese American supermarkets were basically dependent upon location and low prices. A good location for a supermarket
would have a large customer base to draw upon, evident by the existing number of
homes and families and the planned construction of new houses in the local market.
Ideally, there would be young growing families in these homes, the kind with many
mouths to feed for years to come. As narrated in the previous chapter, the novice
Chinese American operators selected sites for supermarket by using simple,
commonsensical methods. Some partners of the first generation of operators literally
drove around various neighborhoods to evaluate the potential for business and reported
the findings to their group to decide on.¹ The locations proved successful but in their
selecting sites during the early years the operators were a bit more calculating than they
appeared.

The first generation of operators favored locating their supermarkets in working-
class communities and neighborhoods. An obvious reason was the inexpensive leases
for buildings in low-rent locales, but there were other intangible considerations on which
Chinese American grocers astutely capitalized. In these communities and
neighborhoods, most residents were from an economic class comparable to Chinese
Americans and, in some of them, many were other minorities such as Mexican Americans
and African Americans, availing the operators to become somewhat identified with
them and gain their patronage. Furthermore, the operators figured that because large
expenditures such as better houses and real estate investments were out of reach for
working-class people, they tended not save their earnings for them but rewarded
themselves for their labor with purchases of food, clothing, and automobiles. Thus, when
they had money, working-class customers tended not to be hesitant to spend it on
groceries, although they compared keenly the prices of competing retailers for the best
deals.²
Local residents were not the only ones trying to get as much value as possible for their money. In order to increase sales volume, in 1949 or thereabouts Chinese American grocers started advertising sale items in the local newspaper to draw shoppers from their competitors and from outside the neighborhoods. During the war years, China’s alliance with the United States helped to largely erase lingering animosities against Chinese Americans, making shopping in their stores palatable for other classes and ethnic groups of the population. The attitude continued in the postwar period, but mostly in retail business dealings. In the grocery business, there has always been a portion of the public who shopped around weekly for the best bargains in addition to making routine purchases at their favorite or convenient store. Hence, the grocers hoped that some of the customers who came for the advertised sale items would change their shopping habits—that is, to shop regularly at their supermarkets—or at least make purchases of some regular-priced items to help offset the low-markup or losses of sale-priced items (loss leaders). Chinese American grocers called this the “hot and cold” method. With advertised sale items, the grocers drew in customers and raked in large weekly sales volumes but the strategy was good as long as a profit was made.3

Further analysis must be presented regarding the use of weekly specials. Advertised sale items enabled shoppers to compare prices only on a very small number of items, about one percent of the total products; thus, shoppers could not really know if a store actually had the lowest prices. The rest of the merchandise overall could be comparably priced or higher priced than other supermarkets.4 Chinese American supermarkets generally had the lowest advertised sale prices on key items which customers routinely purchased such as mayonnaise, coffee, detergent, and so forth. Thus, Chinese American grocers succeeded in fostering the perception that their stores
had the lowest prices, making huge profits with their “hot and cold” method in tandem with their low labor costs. 

By the early 1960s Chinese American supermarkets had a well-established reputation for low prices among the residents of Northern California who readily shopped in them. The second generation of operators began locating their new supermarkets in middle-class and upper middle-class communities and neighborhoods. Most of the new residential areas in Sacramento were built for young, growing middle-class families. Grocers seeking a new, expanding customer base would naturally open their supermarkets in locales that either did not yet have a grocer to service them or only had one without nearby competition. Usually the Chinese grocer would just drive around new areas looking for sites, much like in the past, but occasionally developers would approach them and solicit their occupancy in a shopping center. The supermarket operators would either purchase the property to build or lease from the landlord. Obtaining financing from established lending institutions, wholesale vendors, and equipment brokers had ceased to be any problem because of the success and creditworthiness of Chinese American operators, although some still preferred to capitalize their new stores by using mostly their own money.

Customer Service

Customer service was either non-existent or a special feature, depending upon the store’s modus operandi to attract customers. For the first case, the store neglected customer service to lower operation costs, helping it to sell at lower prices than its competitor. This method typified most of the first generation of Chinese American supermarkets that ran weekly newspaper advertisements promoting sale items. In addition, customer service in most stores was inept because many of the employees,
and occasionally some partners, were inadequately trained, had limited English-speaking skills, and were unfamiliar with American manners. This was especially problematic when employees were hired because they were family members, relatives, or friends of the owner or partners. In some instances these employees were difficult to deal with because they felt secure and privileged in their jobs. In other instances they were the most productive employees because they felt that they had a stake in the operation. Securing employment through patronage, however, was not necessarily characteristic among all Chinese American supermarkets. Depending upon management, it occurred regularly in some supermarkets and occasionally or not at all in others. Prudent managers usually assigned gauche employees to jobs that were away from customers such as stocking shelves, working in the warehouse, and preparing meat and produce behind the counter. The management was quite aware of this shortcoming but it was the intended trade-off for cheap labor. Likewise, customers shopped in Chinese American supermarkets because of their low prices, not because of service. Because English-speaking personnel were necessary at the checkout counter, management hired Caucasian employees, generally part-time women, to service the customers. This practice began in earnest after the war and women from the neighborhood were frequently preferred.  

For the stores that featured service to attract customers, their prices tended to be higher overall than stores that advertised weekly sale items. There were much fewer of the first types than the latter and one company acquired a reputation and identity for offering very attentive customer service. As the next chapter will reveal, the supermarkets of this type remained competitive and solvent longer than the other type. The higher prices paid for the labor of extra service such as more open checkout counters for faster service, grocery carry-out to customers' automobiles, and special
orders or preparation of meat, produce, and groceries. Correspondingly, customers wanted to be catered to by familiar clerks in their local supermarket in which they shopped regularly. In essence, the stores were a social as well as an economic component of the neighborhoods or communities, often involved in or donating to local activities. The stores were cleaner, better organized, and generally more up-to-date than stores that emphasized sale items because of good maintenance and periodic remodeling. As will be discussed later, Bel Air Markets was an excellent example of these types of stores. Like other Chinese American supermarkets, they employed family members, relatives, and friends, but only if they were qualified. Because competitiveness and profits were not dependent on cheap labor, employee “free-time” was not sanctioned, but if occurred, it was done voluntarily. But aesthetics and service were not exclusive to certain stores. Some of the first generation supermarkets expanded, remodeled, and offered customer service to increase profits, meet new competition, or just to maintain their market share. In general, all supermarket operations had to adapt to changes in the industry, competition, and local market, but the ones featuring customer service tended to be much more progressive, continuously adopting the latest developments in retailing.

The less than stellar reputation for “maintenance and housekeeping” among Chinese American supermarkets, especially the older and first generation ones, must be put into context of their local market and competition of their era. Considered part of customer service, maintenance and housekeeping was not much better among many stores of the national companies, such as Safeway and Lucky’s, from the postwar years to the 1960s. Until the national companies began using local surveys to determine customers’ priorities in selecting which stores to shop, they did not offer good service, personnel, and clean stores in addition to competitive prices to attract customers. By
then the older Chinese American supermarkets were fading out fast, not wanting and
doing much to improve their shortcomings, while the expanding second generation of
supermarkets were incorporating into their operations the preferences expressed by
shoppers, usually following the trends undertaken first by the supermarkets of national
companies.9

More Business Basics

The first generation supermarket tended to be the only retail tenant at its
location, although sometimes there were a few small businesses along the front or one
side of the building. At about 10,000 square feet in sales floor space, the supermarket
was simple and relatively inexpensive to start up, generally costing about $20,000 in the
mid-1930s to $30,000 in the mid-1950s to lease a building and to purchase the operating
equipment and inventory on credit. By the late 1940s Chinese Americans had
understood how to obtain and use financing for starting an operation but the early
entrepreneurs did not depend on loans. With a handful of partners or shareholders,
opening a supermarket was easy. Nearly every supermarket was comparable in size and
modernity. To minimize capitalization and maximize returns, stores were equipped with
minimal amount of equipment—refrigeration, shelving, grocery carts, and so forth—and
they operated them with limited maintenance. After the supermarket opened, there
usually would be limited if any updating or remodeling. (More details and analyses on
this topic in the next chapter on decline and demise of the supermarkets.) The
supermarkets of the Famous Food Stores—a voluntary chain of seven supermarkets
connected by common partners or shareholders and operated for advertising and
promotional services—were typical of these of types of supermarkets as were other
single-supermarket independent operations owned by Chinese Americans. The four
supermarkets of the Giant Foods chain and most of the forty-plus supermarkets of the Farmer's Market chain were also typical, although some of them later remodeled and the ones that opened in the mid-1960s were larger, up-to-date, and better maintained.10

By the late 1960s, location selection became more complex and professional, following the trends of industry standards and consumer preferences. The larger supermarkets, about 20,000 to 30,000 square feet, were built in medium- and large-size shopping centers, serving as anchors for numerous small businesses and sometimes other large retailers. The increasingly high cost of setting up a supermarket forced Chinese American operators to seek institutional financing. If not leased, the purchase of the land and building was the most expensive expenditure, accounting for more than half of the outlay of approximately 1.5 million dollars. Equipment, inventory, and start-up cost made up of the other portion.11 After commencing business, the operation was more costly, competition more intense, profits more thin, and trial-and-error more precarious than the first generation. The first generation needed only a minimal investment to gain a maximum return, whereas the second generally encountered a reversed situation with much more risk and complexity.

By the mid-1970s, the national chain companies aggressively began to pursue a larger segment of the retail food business in Northern California by building more supermarkets and advertising heavily their new low prices. More supermarkets were competing for a piece of a fixed or slower-growing economic pie, the consumer's dollar. In order to remain competitive against the major national chains and the fast expanding independent local company, Raley's, the two remaining Chinese American supermarket chains, Jumbo and Bel Air, kept building more stores and larger stores in new neighborhoods and communities. There was the economy of scale in operating more stores: spreading of the cost in advertising, administration, and transportation; and
reducing the wholesale cost of merchandise through allowances and premiums rebated for large purchases. They advertised heavily and began promoting special incentives such as discount dish- or kitchenware, store and manufacturer coupons, and give-away prizes to maintain and expand their customer base. Expense margins grew and profit margins shrunk to razor thin. There was little choice but to expand to remain profitable, but throughout the 1970s and 1980s the two chains clung to their business philosophy and management that brought them success in the past. Some of the national chain supermarkets, on the other hand, resorted to the low-overhead warehouse-type approach of the 1930s, offering limited selection and no-frill shopping to lower grocery prices. Other companies began building huge superstores to capture larger markets with greater selection of products and departments. All of the companies were responding to the economic recessions, high unemployment, and inflation triggered by the Arab oil embargo of 1973-74 and high oil prices of 1979, drastically affecting retail food prices and sales. The spiraling energy costs raised the electric costs of supermarkets operating their air conditioning, refrigeration, and freezers. Likewise, higher energy costs affected food processing and distribution costs, adding to food prices. The ability to borrow money to build or remodel stores was greatly limited because of high interest rates. Finally, the decrease in the birth rate meant a reduce growth in the population which since postwar sustained the expansion of supermarkets.12

Profit, Cash, Credit, and Investment

Profits from the grocery stores and early supermarkets enabled the owners to purchase the properties and buildings in which their stores occupied. Ownership saved them money that would otherwise be spent on leases and provided them with long-term tangible investments. In family operations, ownership of real estate belonged to the
entire family. In partnership operations, sometimes one or two of the partners would purchase the real estate as an investment and lease it to the partnership if all did not agree to ownership. Often a new supermarket would get its facilities this way, one or a few partners would purchase the property, erect a building, and lease it to the partnership. The purpose for acquiring additional real estate was to secure a location for a future store. The appreciation of real estate holdings and their sale subsequently became more profitable than selling groceries during the 1970s. None of the Chinese American operators initially intended to purchase real estate for the purpose of profit in the future.¹³

Capital for real estate purchase came from the cash flow of the store as well as from personal, family, or partnership assets. The supermarket business generated a lot of revenue every day. The receipts, whether cash or checks, were deposited in the bank daily but payments to the vendors and wholesalers were made every thirty, sixty, or ninety days. With accounts flushed with cash, owners put the money to use, putting a down payment on real estate. They made monthly payments on the property with revenues from store receipts or rent if it was already developed and generating income. The whole scheme worked very well when the store maintained or increased its sales volume and the real estate appreciated in value. Profit was made upon the sale or development and lease of the real estate. If the store business declined, the real estate nonetheless almost always appreciated in value. Basically the scheme was successful because the owners had large cash flows and discretionary control over the money.¹⁴

The first generation of supermarket owners preferred conducting business deals with cash. They did not rely on banks but it was not necessary. They were cash rich. When plans for Yuba Market was made, for example, each of the partners put cash into the pool from which the partnership purchased the real estate, handing over cash to the
seller. Transactions were simple, direct, and expedient. Partnerships, for example, were consummated by each partner’s word and assured by his reputation. Operations involving family members, relatives, and close friends, who were mutually trustworthy and diligent, made this type of business relationship workable. In the 1950s, owners began using the services of banks because supermarkets became more expensive to open and operate, necessitating the need for financing in addition to personal resources. They had learned to use financial institutions while their success in business and their assets made them attractive clients. In earlier years, however, borrowing from banks would have been difficult because the owners had not established a record of good credit due to their preferred use of cash. 15

By the late 1950s, the supermarket owners also had no difficulty obtaining and extending credit from wholesalers and vendors. On the whole, they had a reputation for success in business and, more importantly for suppliers, paying their bills. They had assets accumulated in bank accounts, family homes, and commercial real estate (the properties on which their stores occupied) for collateral. Other grocery wholesalers solicited their business, offering better deals in terms of prices, transportation, and payment schedule than Valley Wholesale Grocery. Vendors extended the grace period for payments due from fifteen to thirty to sixty days or more. Essentially, such practice was an interest-free loan, doing business with inventory purchased on extended credit. Occasionally the grocer did not pay his bill until after the due date but the vendor or wholesaler did not dispute or complain. Suppliers needed grocers to sell their products as much as the latter needed the products purchased on credit to sell. It was a symbiotic relationship but the more stores the owners or partnerships had the stronger their leverage and better their deals with the suppliers. 16
Spreading Success

Experiencing success in Colusa, Lee Gim and his employees pooled their savings from Chung Sun Market to form a partnership to open a grocery store in another small rural community. In Colusa, a township population of about five thousand in 1930 and in 1940, there was not enough people and their patronage to sustain another grocery store. Soon more partnerships formed and more grocery stores opened. By the mid-1930s, the supermarket trend in retailing food was gathering momentum throughout California and the various partnerships wanted to capitalize on their grocery store experience. The high profits from the first supermarket prompted the partners and their employees to form additional partnerships to open more supermarkets in the 1940s and 1950s, first in other small communities and then in Sacramento. The rapid success of each attracted willing investors from other businesses and occupations to become partners or shareholders. Inclusion into a partnership was dictated as much by the need for a partner’s ability to manage a supermarket department and provide long hours of labor as the need for his contribution to capitalization. As the paternal founder of Chung Sun and the person with the most resources and experience, Lee was invariably invited by prospective owners to become a shareholder. The belief that Lee had a Midas touch also figured into their plans. Because some of the new owners were acquaintances, not related or longtime friends, their alliance was not as close and trusting as in the earlier stores. But the challenge of a new store along with ethnic propriety and good profits kept harmony among all of them.17

There were two types of partners in the ownership of a supermarket: active partners and passive partners. Most were active partners who worked in the store daily, while one or a few were passive partners or shareholders who did not work in the store and who occasionally showed up for inspection only. This type of ownership was found
in all of the grocery stores and supermarkets, including the Famous Food Stores, in which
Lee Gim was a passive partner. The Farmer's Market chain used a similar type of
ownership in many of its supermarkets, but one passive partner, Walter Fong, owned
most of shares in each store. At the end of the year, the partners divided the profits
according to the amount of each partner's investment relative to the total capitalization.
Since the active partners worked, it was expected that they received a weekly salary,
but sometimes by agreement the passive partners also received regular compensation
even though they did not work. Each owner also had a voice in management during
partner/shareholder meetings but often the weight of the voice was dependent upon
the amount of investment. The inequality in profit distribution was understood and
generally accepted. Later the unearned compensations and the unequal voices often
became points of contention when business and profits declined and when
management views and personalities conflicted. An active partner, for example, would
resent the passive partner with the larger investment and voice because the latter did
not render any labor while directing the former how to operate the store. (This topic will
be discussed further in the next chapter.) A partner usually held onto his investment, not
selling his share unless he was in financial difficulty or for some other pressing reason. If he
did sell, his share was generally bought by another owner or divided up equally and
bought by the others. Very seldom did a new investor purchase the share and enter the
partnership.18

His judgement respected, Lee Gim often served as arbitrator of a store's internal
discord, trying to maintain harmony among partners. Lee was also recognized for his
unselfish disposition. He often loaned money to a relative or close friend to help him
become a partner in a new operation. Of course, this benevolence, favoring those who
showed ability and promise, helped Lee look after his investment because the novice
partner would be obligated and allied with him during management decisions. When it came to selecting a manager, for instance, his opinion had more sway than the opinions of other partners.\(^{19}\)

In 1927 the new partnership opened Marysville Grocery with a startup of about $10,000. The store was very large, measuring about 4,800 square feet in retail sales space. The partners converted the back of the leased building into room and board facilities for their employees, all of whom were immigrants from China either unmarried or without family in America. Everyone worked six days a week, each day from six o’clock in the morning until closing time at six o’clock in the evening. As with all grocery stores during that time, Marysville Grocery was closed on Sundays and holidays. About eight years later the store burned to the ground. Creating opportunity from disaster, the partnership decided to purchase a warehouse located down the street to open a supermarket, Yuba Market, in 1935. Costing less than $20,000 to open, the sales volume at the 8,000 square feet supermarket was extremely good from the start, about $50,000 a week. After World War II started, the partnership could not find enough labor to continue operating the supermarket, therefore, they closed the store until the war ended two years later. When the supermarket reopened, the partnership persuaded Lee’s twenty-year-old son, Leland, to drop out of school to manage Yuba Market. His consent to render his services for a few years stretched out to over thirty years. In 1955, Leland Lee and his partnership relocated Yuba Market into a new building which the Lee family built several blocks away. Lee had an architect design room and board facilities in the back of the building on the second floor for employees: fifteen bedrooms, a kitchen and dining area, and a living room. The 12,000 square feet supermarket grossed about $70-75,000 per week until it closed in 1978, neither increasing nor decreasing much in sales volume in the twenty-plus years of operation.\(^{20}\)
In sum, Chung Sun Market germinated the seeds of dissemination. From each subsequent grocery store, new partnerships assembled to open more grocery stores such that within about a decade they were sprouting like weeds throughout Northern California. Early grocery stores included Yolo Grocery, Oroville Grocery, Willows Grocery, Auburn Grocery, Lodi Grocery, Napa Grocery, Petaluma Grocery, Fairfield Grocery, Vacaville Grocery, Stockton Grocery, and others. It was common for stores to be named after the towns and counties in which they were located. A few of the grocery stores expanded in size to become supermarkets and new partnerships formed to open supermarkets, only this time they also located in the Sacramento area. One of the first Chinese American supermarkets in Northern California was Fine Food Market in North Sacramento, opened in 1939. Soon afterwards, Wonder Food Market opened in Sacramento in 1940. During the war the expansion stopped. It resumed at a fast pace a few years after the end of the war: Linda Super Market in Linda, 1948; Broderick Market opened in Broderick, 1949; Lee’s Supermarket in Weaverville, 1949; State Fair and Freeway Markets in Sacramento, 1950; Sutter Super Market in Yuba City, 1952; Sylvan Super Market in Citrus Heights, 1952; General Food Market in Sacramento, 1953; El Camino Market in Carmichael, 1955. Like most of the supermarkets in the 1950s, each had about 10,000 square feet in retail sales space, but these had room and board accommodations for their employees and often a hired cook. Sutter Super Market was exceptionally spacious, about 24,000 square feet. Napa Grocery expanded into a supermarket with a shopping center in 1956. Wonder Food Market relocated down the street into a larger building in 1957, expanding from 9,000 square feet to 14,000. Throughout this “store crazy” period of openings and expansions, the Lee family had shares in various amounts in all of these operations and in other grocery stores, supermarkets, and shopping centers. A few shareholders also had investments in more
than one supermarket. In 1958, Fine Food, Wonder Food, Broderick, General Food, State Fair, and El Camino joined with Freeway Market (Sacramento) to form the Famous Food Stores. Their weekly advertisements to promote their low prices ran in the Sacramento Bee for about ten years.22

The booming neighborhoods in Sacramento and contiguous areas provided larger markets but likewise had more competition from local independent and national chain operations than in smaller communities. It was a tradeoff, but the Chinese American operators felt that they had their competition beat with their lower prices via cheap labor. They would find out their competitors’ prices simply by making regular visits to their supermarkets. New or better operating and marketing methods were observed and sometimes adopted for use this way too. This practice still goes on today among all supermarket operators. On the whole, the Chinese American supermarkets had high sales volumes of about $70,000 to $85,000 a week and profit margins of about 5 to 10 percent. Because the supermarkets were private enterprises the owners kept confidential their exact sales volumes, profit margins, and accounting methods. And because the owners did not incorporate their operations, they did not pay corporate taxes that would have reduced their gross profits.23

The national chain companies, on the other hand, had net (after-tax) profit margins ranging from 1.1 to 1.5 percent for the years 1948 to 1958 and from 0.99 to 1.4 percent for the years 1962 to 1969. Single- and multiple-supermarkets of independent companies were usually a little higher as were some individual supermarkets of national companies, depending upon the local markets, operating policies, and management skills. In comparison, the profit margins as percentage of sales in nonfood retailing—for example, Sears, J. C. Penny, and Woolworth—ranged from 3.4 to 5.1 percent in 1965. Generally the sales volumes for supermarkets that opened in the 1960s were higher than
for those that opened in the 1950s. Likewise the retail sales space of supermarkets was larger as the industry became more competitive. Although varying greatly, the national average for the 1967 sales volume of an independent supermarket was about $1.46 million and about $1.57 million for a national chain supermarket.24

The good profits mitigated the unwanted terms of the labor contracts coerced upon the Chinese American supermarkets by the labor unions. Beginning with the opening of Yuba Market in 1935, nearly all of the supermarkets were eventually under union labor agreements. But this did not prevent the management from requesting payment for the cost of room and board from the employees who resided on the premises. There was the tacit understanding between employers and employees to work extra hours without compensation. Eventually this arrangement ran into difficulty when some employees informed the Retail Clerks Union about the situation. In 1954 the union sued Leland Lee and his partners in Marysville and Yuba City for about five million dollars for noncompliance of labor agreement and for employees' back wages. The union solicited the help of the federal government to look into any matter related to immigration and the use of immigrant workers. Chinese American owners of other supermarkets watched the litigation carefully because they had been engaging in the same labor practices. The lawsuit was dropped, but Lee as well as the managers of other first generation of supermarkets became more careful with their borderline labor practices.25 By the early 1960s such activities either ceased or tapered off while management of the second generation of supermarkets did not engage in them, although voluntary work by ambitious employees was not unheard of. Furthermore, the type of employee that Lee and other employers depended upon in the past to help them maintain low labor cost and high profit margins was already diminishing in number.
and changing in his attitude. At the same time employers too were changing in their attitudes which affected the competitiveness of their supermarkets.

Dick’s Markets

One of Lee Gim’s partners in the early grocery stores and supermarkets was Dick Yee. Yee subsequently branched out with his group of partners, consisting of family members and relatives, and opened supermarkets in the San Jose area. In 1948, Yee opened the first Dick’s Market, a 14,000 square feet supermarket that was considered the largest and most modern supermarkets in the area. Within a few years, Yee expanded the business by acquiring an existing market. In 1951 the partnership purchased farm acreage and later built its first shopping center to include a Dick’s Market. It was about this time when Yee sold his interests in the grocery stores and supermarkets in the Sacramento Valley to concentrate on expanding in the region. Using their real estate asset for leverage, the partnership decided to lease their future stores rather than purchasing property and putting up buildings, thereby avoiding tying up large amounts of capital that could be used for rapid expansion. The partnership purchased supermarkets from other operators, changed the name to Dick’s Market, and built up the sales volume with low prices. With a record of success, wholesalers readily cosigned leases to help the partnership expand. By the early 1970s, the partnership had invested in fifteen supermarkets in the South and East Bay region, including the San Jose area, Fremont, Vallejo, and Fairfield.

The supermarkets varied in size but they were all competitive against supermarkets operated by national chain companies such as Safeway and Lucky’s. One of the primary reasons for this was the economy of size. The cost of advertising was spread out over the numerous operations and the wholesale cost of merchandise was
reduced by volume purchases. The “direct purchases” and “drop shipments” from food manufacturers and grocery wholesalers were stored in the large warehouses in the back of Dick’ Markets. The savings were passed on to the customers or retained as added profits. During the high inflationary period of the mid- to late 1970s, the value of the inventory increased greatly, consequently raising the price of items and the profits for the stores. This strategy worked when bulk quantities of merchandise was purchased, stored, and then sold at inflationary prices.27

From the start, the employees were enrolled in the local Retail Clerk’s Union Local 428. The local was very strong in the area, forcing all stores, independents and national companies, to consent to the union labor contract. At Dick’s Markets all personnel, except for one manager, had to join the union, including the Dick Yee’s children who served as department managers. Each would become a store manager as the company expanded. The strength of the local was such that in the early 1950s Dick’s Markets had to follow the rates set by the union for charging the employees’ room and board in the stores.28

Like other early Chinese American grocery stores and supermarkets, most of the employees were immigrants from China who had families in the homeland. They were also related to Dick Yee, cousins or distant relatives from the same village. Some of them became minor partners in the stores in which they worked. When Dick’s Markets began rapid expansion in the early 1960s, the management began employing Caucasians who did not need living quarters. At the same time, the immigrant employees began bringing their families over to America where they lived in homes or apartments. Hence, there was a decreasing need for room and board facilities in the stores, the last of which was built in 1959.29
Dick Yee’s eldest son, Gene, eventually took over the helm of the family’s businesses, Dick Yee Incorporated, which controlled Dick’s Markets since the family had majority interest of all the stores. Dicks Markets became the dominant competitor in the San Jose area in the late 1950s and the 1960s, surpassing Safeway and Lucky’s stores in the number of stores in the area and in sales volume per store. There was only one other supermarket owned by Chinese Americans and although business was good the partnership never expanded its operation in the area. Chinese Americans also owned small grocery stores in the San Jose area but they never expanded into supermarket operations either. Gene Yee strengthened his control over the corporation by purchasing shares from his relatives to consolidate the family’s holdings. The challenge to Dick’s Market came not so much from within as from national companies on the horizon that were riding the oncoming tidal wave of regional and supermarket expansion in the 1970s.30

**Giant Foods**

In 1949 or thereabouts, the Quans began advertising their low prices of the merchandise of I Street Bridge Market at the urging of an advertising salesman at the *Sacramento Bee*. The move was also in response to the opening of Broderick Market one block away by a partnership that included Lee Gim. The weekly advertisements increased the Quans’ sales volume tremendously as shoppers from outside the neighbor traveled to Broderick to purchase sale items. From that point the Quans would depend for the next twenty-plus years on advertised low prices to draw customers and high sales volume to make a profit off the small markups. They still had their niche at I Street Bridge market but the successful new formula permitted the Quans to expand their operation soon thereafter.31
In 1951 the Quans opened their second operation in North Highlands whose economic nucleus was the McClellan Air Force Base. The inception of McClellan Market began about six years earlier when a product salesman invited an uninterested George Quan Jr. to join him to look at a potential location for a supermarket. They drove out to an area north of Sacramento where there were many single-family houses and more being built. There was already a Cardinal Grocery Store—an operation that was later purchased by the Lucky Food Stores—which Quan discovered by inquiring the local bread vendor, was the leading store in sales volume in the Sacramento area. The family immediately secured a small parcel near the base and within five years completed purchasing ten acres for about $50,000. Needing financing for the construction of the building, they went to a bank, which required from them a financial statement—something that the Quans knew nothing about let alone had in possession. But with substantial capital in their bank accounts, they had no problem obtaining a five-year loan, which they paid off in three.\footnote{32}

With money for construction in hand, the Quans needed to plan the store instead of doing things “by the seat of our pants” as in the past. Their new approach was not too much different. George Jr. and a brother drove down to Los Angeles to inspect the successful operation of a well-known supermarket there, Panorama Market. They went into the store to look at the layout and equipment and made a sketch of what they saw. An architect finalized the design from which a construction company completed the building. After the Quans installed the most up-to-date equipment, refrigeration, and freezers, the 20,000 square feet McClellan Market opened for business with prices lower than any competitor. Business was so good during the opening week that automobile traffic was backed up on the street and highway leading to the store. The supermarket had one of the highest weekly sales volume in Northern California in that year but its
profit margin was lower than those of other Chinese American owned supermarkets, from one to two percent. Hence, the Quans had to generate high sales volume to make money. Low labor cost like the type used in the Famous Food Stores was not much of a factor in the profit margin because the Quans were employing many Caucasian employees and operating under union labor practices.33

For years George Quon Jr. had been eyeing a location in the eastern part of Sacramento where a Lucky Store was doing good business. In 1961 the Quans purchased a building nearby occupied by a small supermarket owned by a Chinese American. They bought the declining business, enlarged the floor space by tearing down walls, installed new equipment, and commenced business as Giant Foods, a name to which the Quans' other stores would change over. In about nine months, the Quans purchased another supermarket under similar circumstances in the northeast metropolitan area. It became the fourth Giant Foods Market but the last supermarket the Quans would open.34

Like the partners of the supermarkets in which the Lees invested, the Quans had to deal with the labor unions. With a one-store family operation like 1 Street Bridge Market, labor union representatives did not purposely pursue the Quans to accede to union labor contracts. But soon after the Quans opened the second supermarket, an operation whose personnel did not consist mostly of family members, the union representatives put pressure on them to submit to the union labor contracts. It was about that time that the labor unions gained strength and organization and the Famous Food Stores and other Chinese American supermarkets acquiesced to the pressures of unions. The Quans thereafter paid union wage rates and agreed to abide by the labor practice rules; for example, they no longer paid their employees once a month but weekly.35
Going Upscale

The first year of business was not prosperous for the Wong family of Bel Air Market. With almost the whole family working the supermarket, the Wongs were able to endure this period by drawing minimum wages for themselves, working long hours, and hiring only the minimum of help. They had advertised in the newspaper their grand opening but business was slow in coming. In hindsight, this was not surprising since the one of the primary reasons the public shopped in Chinese American supermarkets was because of their reputed low prices compared to other retailers. The Wongs, wanting their store to be different, attracted customers by offering customer service and product selection. With these distinct features, shoppers correctly inferred that Bel Air’s prices were higher overall than their competitors’. From the time the first Bel Air Market opened until the Wongs’ sold all their stores to their chief competitor, Raley’s, the supermarkets were renown to have slightly higher prices than their competitors but they also had the best service and selection and were the most innovative.36

Innovation was not always successful. Occasionally, there were failures. Bill Wong, manager of the produce department, started offering pre-packaged, plastic-wrapped products soon after Bel Air Market opened. The supermarket was one of the first stores in the Sacramento area, if not the first, to sell them. He got this idea from reading trade journals and attending trade shows. But customers were not receptive to the new concept and the store returned to conventional merchandising. From this experience, the Wongs learned that it is necessary to sometimes sell an innovation to the public through advertising before it has a chance to succeed. Even that did not guarantee success. During the 1970s, in the midst of operating several highly successful supermarkets, the family opened a small chain of Chinese fast food outlets and several discount warehouse-type liquor stores. Involving the next generation of Wongs in
managing them, the first venture was truly an innovative enterprise, whereas the second followed a retailing trend. They advertised heavily and gave time for their new enterprises to mature. Unfortunately, both failed due to unforeseen and uncorrectable factors in operations and miscalculations in public preferences. In an attempt to maximize productivity and profits, the Wongs invested in a centralized bakery to produce products for their supermarkets. Their new innovative assembly-line-like bakery turned out to be inefficient although it looked promising on paper.37

Failures were not limited to innovations. The Wongs opened two Bel Air Markets that were not profitable during the 1960s. They were not able to build up the business and subsequently closed the supermarkets even though they owned the real estate on which one of them occupied. They opened one of the discount liquor warehouse-type store at that site. One of the supermarkets was smaller than the other stores and unsuitable for enlarging or remodeling. Both were located in less than prime locations for the modus operandi features of Bel Air Markets. These ventures impacted the family’s bottom line but they kept on trying innovations in retailing, store service, and operations. The Wong’s cut their loses and moved on, always willing to take chances in a competitive business.38

Among the successful innovations, Bel Air Markets were the first supermarkets in the Sacramento area to offer pharmacies, postal service stations, full-service bank branches, and utility bill payment stations in their stores, conveniences that drew customers who may not have otherwise shopped in Bel Air Markets. Some stores even provided play-care centers for the children. Taking advantage of the cuisine’s popularity, they opened Chinese hot food take-out departments in their stores that immediately became highly profitable. The area’s ethnic diversity and the Wong’s acumen in recognizing it and other demographic particulars combined to make the
innovation a success and a trend for the other supermarkets to follow. As mentioned earlier, ideas for innovation came from reading trade journals and attending trade shows, but they also came from the regular visits the Wongs and their staff made to their competitors’ stores. Compared to national chain companies, the small size of their company enabled the Wongs to act decisively and rapidly to changes coming from within and without.39

The Wong’s had a reputation for innovation but they were also willing to commit resources to implement the industry’s conventional trends. They started a trucking company for transportation and a wholesale florist for processing flowers and plants to reduce company-wide operation and product costs. Along with other independent supermarket companies, one of which was also a major competitor, Bel Air Markets invested in a wholesale grocery company and a dairy processing plant. While all these investments reduced operation and product costs, they also provided additional revenue from contracting out of services and products to other food retailers. These ventures and investments came during the 1970s and 1980s when many other supermarket operations, including national chain companies and another Chinese American company, were cautious in committing capital for expansion amid the vicissitudes of the economy and the business. The Wongs’ willingness to commit resources yielded strong gains in both profits and market share in the long run.40

About two years after the opening of the first store, the Wongs opened a second supermarket in a middle-class neighborhood. More supermarkets followed by building new supermarkets and by purchasing existing operations. The Wongs continually enlarged and remodeled the older stores to reflect Bel Air Market’s image of superior quality and, more important, to maintain their competitive edge. After the closures in the 1960s, almost each new supermarket was larger and more modern than the previous
one, reaching about 50,000 square feet in sales floor space. Their constant vigilance toward quality merchandising and customer service was measured not only within their stores but also against their competitors to whom they made regular visits to compare. Altogether the Wong’s operated seventeen supermarkets in Sacramento and the contiguous area by 1992.41

Bel Air Market’s enterprising expansion and ascending preeminence occurred from the mid-1970s into the 1990s. Business cycle uncertainties and industry trend misfires created opportunities for Bel Air Markets. By building a reputation for quality and success the company had the groundwork ready for a fortuitous period. The economic recessions of the 1970s affected the retail food business, causing the national chain companies to delay opening new supermarkets. In addition, the new concept in total discount shopping and the reintroduction of warehouse-type shopping in response to the recessions were not widespread successes. Thus, growth and direction among national chain companies were stalled. They appeared to not know what to do. Shopping center developers began courting the Wongs when national companies backed out of their agreements to become tenants. Because of the Wongs’ record for running a first-class operation, developers sought them out to complement their upscale shopping centers. The shopping centers were located in prime locations and the developers desperately needed occupants for their nearly finished buildings. The Wongs committed themselves, albeit after contracting demographic studies to determine the potential for business. The customer base to which the Wong’s catered was less affected by recessions than other segments of the population. Nevertheless the Wong’s had to endure periods of low sales volume. In the early 1990s the Wongs themselves became primary investors for the development of shopping centers in which they opened their supermarkets.42
Innovation and location could not insure success and profit without good service because an indispensable part of the grocery business is service. The Wong’s emphasis on customer service could not be realized without hiring the right people and training them properly. In the early days, the Wongs themselves hired the most qualified person for employment whether he or she was a relative, friend, or applicant, giving him or her a probationary period to determine whether he or she would work out. Employees were paid union wages and benefits since the first day of operation of Bel Air Markets. If an employee put in extra effort and showed potential, he or she was likely promoted. This direct involvement with employees gave way when Bel Air Markets expanded.  

In the 1970s when the Wongs had already opened about seven or eight stores, they employed a human resource director to carry out the hiring and training of personnel. This was in line with the Wong’s employment of company-wide supervisors in grocery, meat, and produce as well as supervisors and directors in other departments and capacities such as pharmacy, bakery, operations, advertising, and so forth. The Wongs understood that they could not micromanage everything themselves, needing to delegate authority to their managerial personnel and to trust them. They acknowledged that they did not know everything about an increasingly complex business, willing to pay for experienced help. But this was not to say that the Wongs were distancing themselves from the day-to-day operation of the supermarkets. They were in the stores daily working in the same capacity as before as heads of a growing family of employees. Regarding the Wong’s children, some of them also worked in the supermarkets in various capacities because the jobs were readily available. Others sought occupations and careers in other fields outside the retail food business. But all had greater opportunities for more varieties of livelihoods than their parents did.
Like a family, the Wong bestowed concern and commitment to their employees who returned dedication and hard work to them. Likewise, the Wongs treated with respect and courtesy the vendors who supplied the stores and the salespersons who called on the stores, and gave annual parties to show appreciation for their help. But total success could not be consummate without the patronage of loyal customers. To express appreciation towards them the Wongs gave each customer a rose flower during Christmas. This was in addition to the year-round free loaning of appliances such as large coolers and coffee urns to community, family, business, and other types of gatherings. Finally, Bel Air Markets regularly provided tours of local supermarkets to neighborhood school children, the next generation of shoppers.\textsuperscript{45}

\textbf{Jumbo Markets}

The Jumbo Market company was a supermarket chain which grew to eleven stores before it gradually faded out of business. It was one of the two most prominent Chinese American supermarket companies in the Sacramento area during the 1960s and 1970s. The other was the Farmer’s Market company, a chain of about forty supermarkets which one by one rapidly declined and closed during the late 1970s. The first Jumbo Market opened in 1961, a second generation supermarket most of whose partners received their training while employed in a first generation supermarket. The success of the first store and subsequent ones was based primarily on high sales volume reached by weekly advertised sale items to draw in shoppers, the same strategy the first generation of supermarkets used.\textsuperscript{46}

Jumbo Market started with nine partners, each of whom invested considerably unequal amounts of capital. Initial capitalization was about $120,000 plus equipment and inventory purchased on credit. Months earlier as the partnership formed, the lead
partner found a prime location, which at the time was a burgeoning middle- and upper middle-class neighborhood at the southern edge of Sacramento. They leased a building that the partnership had built according to their specifications. The equipment was up-to-date and the inventory was procured from Allied Grocery, a wholesaler in San Francisco, but Jumbo Markets later received better deals from other wholesalers.

Business was phenomenal the first year. Weekly sales amounted to about $100,000. Jumbo Market advertised “loss leaders” to bring in customers but made its profits from the sale of other items marked at average prices. The partners made regular trips to their competitor across the street, an independent supermarket called Mayfair Market, to check its prices. The partners would undercut Mayfair’s prices by a few cents each item. Years later, business at the location was good enough to attract a national chain company, Safeway Stores, to open a large supermarket diagonally across the street. Both competitors eventually succumbed to the economic recessions of the 1970s and the changing demography of the neighborhood.47

The partners earned huge profits because they were the core personnel, each holding a key position in store operation. As a partner, each willingly worked long hours to ensure productivity and profits. As the majority personnel, the partners only needed to employ a few employees, paying them union wages. As business increased, more employees were hired, including several Caucasian women checkers working part-time and a few Chinese Americans. Because old practices do not go away overnight, Chinese American employees were expected to work extra hours without compensation. The small number of employees under payroll and the partners and Chinese American employees working long hours combined to keep labor cost very low. Except for the designated manager who was not allowed to join, the partners were labor union members, receiving health and welfare benefits. Years later when the partnership
incorporated, the partners were forced to leave the unions. They became shareholders of the corporation.48

The partnership was not conceived to build a supermarket chain. But profits were so great at Jumbo Market that the partnership decided to open another supermarket. In 1963, Jumbo Market (number two) opened in a developing area of southeast Sacramento that was void of a supermarket. The rapidly growing middle-class neighborhood provided Jumbo Market with greater sales volume than the first store. Flushed with success, the partners opened a third Jumbo Market in 1965 in Sacramento’s north area. The location proved much less successful than the first two because the middle-class neighborhood, although still growing, was already established with homes and supermarkets. The fourth opened in a middle- and upper middle-class neighborhood in the southwest area of Sacramento in 1966 or thereabouts, encroaching on the market of a smaller Safeway Store in an adjacent shopping center. The fifth Jumbo market was a merger during the late 1960s with an existing Chinese American supermarket located twenty-five mile west of Sacramento, doing business with a rural community much of which were farm laborers and workers employed in meat packing plant. It was not until late 1974 that the company opened its sixth supermarket in east Sacramento. The seventh supermarket was a merger with a Giant Food Market in the following year. The opening of the next four Jumbo Markets continued into the early 1980s, three in middle-class neighborhoods in the suburbs of Sacramento and one in a foothill town an hour’s drive away. All had to compete with nearby supermarkets immediately upon opening. The new Jumbo Markets were built and laid out according to design and, after the third store, situated in shopping centers.49
Competition

A glance at the development of Chinese American supermarkets would convey the notion that operators achieved success and prosperity by maintaining ethnic solidarity and deference, collaborating with one another to not infer with each other’s local market because they were brethren. In reality the competition among them was intense. They competed directly against each other without reservation because, as one operator put it, “competition was competition.” They tried to “steal customers from one another,” opening supermarkets across the street or near established supermarkets that were doing excellent business. Making regular visits to each other’s stores, they scrutinized prices and undercut them to draw customers. Every operator tried to gain as much business and profit as possible, often trying to force the nearby older grocery store or supermarket out of business. Historically, this situation was not unusual among Chinese American enterprises. In *The Chinese Laundryman*, Paul Siu noted that it occurred regularly among the laundrymen of Chicago during the late nineteenth and early twentieth centuries, resulting in many failures. Merciless competition among themselves was one of the reasons for the decline and passing of the first generation of Chinese American supermarkets. Several of the Famous Food Stores, for example, were overwhelmed by the competition of Farmer’s Market supermarkets that opened nearby. The latter drew customers away with lower prices and newer facilities. Broderick Market, for example, succumbed to a new Farmer’s Market in the neighborhood in the early 1960s. As mentioned earlier, Broderick Market opened one block from I Street Bridge Market in 1949. Farmer’s Market also opened a supermarket across the street from a Bel Air Market and another across from a Jumbo Market in the early 1970s, but the two Farmer’s could not compete and closed not long afterwards. In the mid-1960s, Bel Air Market opened a larger supermarket less than a mile from a Jumbo Market that opened
only a few years earlier. The smaller grocery stores and supermarkets of Chinese American ownership were not affected very much by the fierce competition among large companies, local or national, because they tended to be located in older neighborhoods or markets that yielded a small trade and “have seen better days.”

Economic Reward and Social Assimilation

The success of the grocery stores and supermarkets brought material well being for employers and employees and helped pave the way for social assimilation. As mentioned earlier, owners and partners first used their profits to secure a financial future by purchasing the property on which their stores occupied and investing in real estate for future expansion. They then purchased homes, automobiles, and other personal property, enjoying the fruits of proprietorship. Those who were single because they previous could not afford to marry now had the financial security to have a wife and family. Their children had the means to pursue higher education for a professional career or to venture into business. The same means also afforded their children the option to work in the store or engage in other occupations.

The employees’ union rate wages enabled them to afford to have families and homes and to save money to send their children to college. Employees who were married but without families in America could provide to bring them into the country. Because of employers’ contribution to the employees’ union benefit plans, many of them were able to retire with pension plans and supplemental health insurance. To some extent, the labor unions facilitated the assimilation of employees into the American way of life. They weakened mutual responsibility and ethnic solidarity by establishing institutional job security, wages, and welfare benefits, subrogating the traditional role of Chinese employers.
The cheap prices in the grocery stores and supermarkets helped breach racial barriers. They enticed shoppers who would otherwise not shop at a Chinese American owned business. The alliance of China and America during World War II, resulting in a more favorable public opinion of Chinese Americans, also helped advance the breach. But the breaching of racial barriers in terms of employment began in the Chinese American supermarkets. During the 1950s, Chinese American employers began hiring regularly Caucasian women to work part-time as cashiers to service shoppers who were mostly Caucasians. Before then, a few grocers occasionally hired neighborhood schoolboys to work part-time. By the 1960s, it was not unusual to find Caucasian men or men of other ethnicity working in Chinese American supermarkets as clerks, meat cutters, or other jobs. Bel Air Markets, for example, was noted for their progressive move in hiring many non-Chinese American employees. At the same time, Chinese American clerks who received their training in Chinese American stores began getting jobs in national and independent company supermarkets, although the number who did was not very many. Before the mid-1960s, it was highly unusual to find Chinese Americans working in a non-Chinese American stores.

The 1950s marked the entry of Chinese Americans into the economic mainstream, but their acceptance into the social mainstream did not proceed unruffled. In Sacramento, many neighborhoods still denied residence to Chinese Americans. There was outright racial discrimination where real estate agents in collusion with neighborhood residents refused to sell to Chinese Americans. Some deeds even contained covenants prohibiting owners from selling their homes to minority people. Chinese American supermarket owners, determined to move into middle- and upper middle-class neighborhoods to declare their success and prosperity, circumvented obstacles and restrictions by getting their Caucasian friends to purchase the homes and
then immediately sell the homes to them. Not residents in the local community, the
friends made quick exits. Once moved in, the new relations with neighbors were
basically congenial. Since Chinese Americans have been accepted as grocers
throughout Northern California for quite some time, it was likely that resistance to change
in established neighborhoods was greater than prejudice against Chinese Americans in
particular. Some Chinese Americans purchased undeveloped parcels of land and built
custom homes in budding neighborhoods, a maneuver that evoked less discord among
established residents.\(^5^3\)
The decline and demise of Chinese American supermarkets did not come without foreboding signs. Some operators were astute and forthright, seeing the portentous "handwriting on the wall" and got out of business while they could still make a profit by selling their supermarkets. Some were blinded by past success and successful ways of doing business, ignoring the need to adapt to the rapid changes around them to remain competitive. Quite possibly, they thought that they did not need to adapt. Then there were those in between who were aware of the developments but were unable or unwilling to do anything about them. They fathomed that the end was coming and milked the business for all the profits they could before facing an unresolved departure.

The passing started in the early 1960s with the gradual decline in business of many first generation supermarkets. Competition from new Chinese American supermarkets encroaching on their local markets was a major agent but disintegration of harmony among partners and between employer-employees was also a principal factor. These rupturing forces came at a time when owners were becoming increasingly weary and indifferent in operating a demanding business after years of hard work. Amid unmatched external challenges and unresolved internal conflicts, many simply closed their doors. The competitiveness of the second generation of supermarkets started diminishing in the mid-1970s when national companies started making inroads into local markets, when operating supermarkets were getting increasingly expensive and
complex, and when the labor unions were determined to exercise their strength. Some operators were fortunate enough to sell their supermarkets, usually one by one at a distressed price, to enterprising buyers who thought that with plenty of hard work and perseverance, they could squeeze a profit or build up the business in a niche market. Others, not able to find buyers, ceased businesses, sold their inventory and equipment, and leased their buildings to tenants. A few operators kept up with the trends and weathered the vicissitudes of the market, thereby maintaining their profitability if not competitiveness. Ultimately, a very small number of independent single-store operators remained in business and the owners of the last supermarket chain sold their company to another company at a profit. By the end of the century, nearly all of the prominent Chinese American supermarkets of the past are no longer in business, but their demise did not occur before their owners secured comfortable futures.

Famous Food Stores

The decline of the first generation Chinese American supermarkets was rooted in large part to the owners' business strategy, which was inherently weak and fleeting. As discussed in the previous chapter, they drew shoppers into their stores with advertised sale prices that were lower than the competition's prices on the same items. These "loss leaders" were sold at cost or at a small loss but they attracted large numbers of customers. The strategy was good as long as customers purchased non-sale merchandise in addition to the sale merchandise, rendering a profit for the stores. Also this strategy worked only in conjunction with low labor costs, about which there will be more discussion later. In the long run, the strategy could not be sustained because low sale prices was the primary reason shoppers patronized the stores. Shoppers became conditioned to look for advertised sale items, went to stores that offered them, and
bought only sale items. Some shoppers stocked up on them. These “cherry pickers” did not buy anything else let alone become regular customers.¹ There were some regular customers without a doubt, but usually because the stores were conveniently located for them. That same reason was why shoppers from outside the neighborhood generally did not switch from shopping at their local stores.

Until the early 1960s the Famous Food Stores dominated their local markets, there was little if any competition nearby. Their good sales volume and the potential for more, however, attracted other supermarkets to open in the same neighborhoods. The most formidable competitors were larger Chinese American supermarkets; for example, the rapidly expanding Farmer’s Markets. The new competition advertised weekly “loss leaders” to draw in customers, the same way that brought the Famous Food Stores success. The new supermarkets were equipped with up-to-date equipment and amenities, much like the old supermarkets were when they opened a decade or more earlier. Because the kind of shoppers that both the new competition and the Famous Food Stores drew did not have any loyalty to either of them, the former with up-to-date facilities garnered the bulk of their patronage. Since the modern supermarket era beginning after the war, the shopping public has been enthralled with modernity, pursuing almost anything newer, bigger, and more convenient. To minimize operation cost and to maximize profits, the owners of the Famous Food Stores had been operating with minimum maintenance and with little if any updating or remodeling since opening. This was due in part to their success that nurtured their complacency and dulled their vigilance towards potential competition. It was also due in large part to internal problems that arrested any initiative to improve or remodel the stores to maintain competitiveness. But everything was fine as long as business and profits were good, which should have been a caveat.”²
National and local independent companies had also opened supermarkets in the same local markets that Chinese Americans were doing business. Yielding the "loss leaders" niche to the Chinese American supermarkets, their large modern supermarkets offered service and convenience to attract and hold onto regular customers. In trying to get a slice of the customer base, some of them turned a profit and became local competitors while some never became profitable and soon closed their doors. In both cases, they drew customers away from the older, smaller Chinese American supermarkets already reeling from other competitors challenging their niche, pushing them closer to the edge of insolvency.³

New competition triggered the decline of the Famous Food supermarkets but the ingredients for their rapid descent had been brewing within them for a long time. One ingredient was the disintegration of harmony among the partners and between employer-employees. There were many facets to this predicament. Cultural propriety, challenges of a new operation, and sanguine expectations forged harmony among the personnel. But as daily work became routine and each person became familiar with the others' work and personal habits, perceived differences in productivity and minor idiosyncrasies became major chasms regardless of the fact that business was very profitable. The bonds of mutual responsibility and reward that were indispensable to the success of the operations were also dissolved because some partners developed a sense of self-importance and selfishness that were fed by success.⁴

The most self-destructive forces happened among the partners. The partnerships were generally harmonious, but there was always "one sour grape in the bunch." Such a predicament was not uncommon because, as mentioned earlier, often times one or more of the partners were less familiar and affiliated than the others were to each other. After an operation was well under way, for example, a partner felt that he was working
more than the others were. Feeling that they were not doing their fair share of work, he built up resentment towards them. The resentment intensified when he received his portion of the profits, an amount that he felt was unfair especially when there was one or more partners who were not involved in the daily operation of the store. They were just passive investors. In retaliation, he produced less work than before. Sensing the partner’s discontentment and seeing him do less work, the other partners either maintained their disposition or adopted the same attitude. It took a partner with a strong unselfish character to exercise the former but often times it was the latter. Productivity was reduced, necessitating the manager to hire extra help to compensate for the shortfall in work output. Without an increase in sales volume, the additional employee or employees increased the labor costs and reduced the net profits. This itself would not have caused the demise of an operation but it was a symptom of the operation’s decline. Another symptom was evident at daily closing of many of the supermarkets. Mistrust and jealousy had grown to the point where each of the partners cleared and tallied the receipts of one cash register. The manager then recorded the total receipts of the day.\(^5\)

If problems did not arise soon after an operation was under way, five or ten years later there would be at least one partner who felt that his contribution was greater than that of the others. He felt that he should be striking out on his own to make more money even though he had been financially successful. He would propose that the rest of the partners purchase his share for what he considered market value. Unfortunately, often his high appraisal was not in agreement with what the other partners figured. They therefore refused to purchase the share. Similarly an outside investor was not likely to purchase the share at the asking price even if the rest of the partners agreed to let him into the partnership. Thus, there would be an impasse and the partnership and
supermarket would "hang in limbo" while feelings of resentment emerged and intensified and productivity declined. Some partners did not want to work as much as they did in the earlier years or any more than the least productive partner did. Meanwhile, all the partners still retained their positions and salaries.  

Ill feelings among the partners impeded any plans and expenditures that required consensus. The partnerships, therefore, typically did not invest in purchasing new equipment or remodeling their supermarkets. With little or no response to new competition, the future of the old supermarkets was fated. The downward spiral accelerated. No partner wanted to invest in something with an uncertain future let alone something that caused aggravation. Fine Food Market, for example, closed in the mid-1960s, pushed to insolvency by a new Farmer's Market nearby. By the end of the 1960s, most of the Famous Food Stores closed and the rest continued to operate under different partnerships.  

A perceptive manager could have recognized the potential problem at the onset and stopped it before it developed into detrimental proportions. But one of the critical weaknesses among first generation supermarkets was the lack of strong management and leadership. Because the stores were partnerships, management was generally by consensus and work by strict division of labor. There was a titular manager to fulfill bookkeeping duties, oversee meetings, and represent store interests. Resolute decision-making was not a strong point. The supermarkets, therefore, generally lacked the direction and coordination a strong manager may have provided, but they made up for shortcomings with high sales volume attained by "loss leaders." Long hours of cheap labor got things done, masking inefficiencies. And good profits ameliorated pent-up resentment, delaying destructive forces.
Lee Gim of Colusa’s Chung Sun Market was a partner in six of the seven Famous Food Stores. Although not a working partner, his opinion was respected in store meetings because of his age and experience and his reputation for fairness and unselfishness. He thus often served as mediator in disputes or discords, persuading contentious factions to come to terms or a self-centered partner to relinquish his share. But he was not always successful in helping maintain harmony or getting partners to agree on what response to take in the face of new competition. Lingering discords and new challenges taxed Lee’s capacity; therefore, he sold his shares in the Famous Food Stores when he saw the end coming.8

If the partnerships had the unanimity and resources, most partners did not have the aptitude to go up against new competition. In other words, they did not know what was needed to remain competitive. Resourcefulness and resolve were not characteristics of their faculty. After years of operating the same way, the characteristic response was to continue on the same path with more effort, which in the past was very successful. After visiting their competitors’ new stores to assess the operations, they could have adopted some of the new or different ways of grocery retailing, but the partners remained indecisive about what to do. Basically the dilemma was rooted in their lack of strong leadership. The partners could have hired people with expertise to help with management and direction, but that meant employing outsiders to take over some control of the stores, a situation to which the partners were not disposed. Time wasted because of inability, indecisiveness, and ineradicable bickering led to lost competitiveness that became impossible to regain.9

There were personal reasons among the partners that led to the loss of competitiveness. As their material comfort became satiated and their financial future secured, the partners began changing their outlooks. Feelings of mutual responsibility
and welfare decreased as personal wealth increased, and concern for store matters yield to concern for family matters. Ownership of a store has always been just a means to achieve a comfortable life at home. There was never any grand intention to continue operating and expanding supermarkets. As the partners got older, they wanted to retire. This inclination came at a time when competition was increasing. As for passing the partnership to their heirs, most of their children did not want to work in the retail food business because they had better options and more resources for employment and enterprise than did their parents. Nor did the partners want their children to toil in grocery stores like they did. Given these personal reasons, it is no wonder that many of the partners did not want to invest money to remodel their stores to meet new competition. They just wanted to get out.10

The partners had a difficult time getting out of the business. Not well maintained or remodeled, the stores were worn and out-dated. The old equipment frequently needed repair. The size of the stores was small compared to the competition and modern amenities were lacking. Even if the partnerships sold their stores at low prices, the new owners needed a large infusion of capital to bring the facilities up to current industry standards. Most of the stores were in neighborhoods that had past their prime in affording high sales volume or in supporting more than one store. In sum the stores had been doing business for fifteen years or more and the neighborhoods and families had matured during that time. When they got older, the children moved out of the households, often out of the neighborhoods, consequently decreasing the number of consumers for groceries. Thus, the Chinese American supermarkets captured the business of a generation but unless the old neighborhoods rejuvenated extensively, the prime locations for supermarkets were in new neighborhoods with young families.11
Before the situation became very unpropitious, some partners were fortunate to sell their shares to the rest of the partnerships or to outside buyers who thereupon entered the partnerships. The stores then continued to operate until the partners agreed that it was time to quit business because sales were so low that there were very little or no profits or because most of the partners wanted to retire, whereupon the stores were either sold or closed. Some partnerships accepted offers from a few partners and employees who wanted to continue. Such was the case of Wonder Food, Broderick, and El Camino Markets. The reorganized partnerships built up the business and squeezed a profit with minor improvements on the facilities and equipment and with low labor costs. The partnerships that closed their stores sold whatever inventory and equipment they could, divided the proceeds, and locked the doors. There were a few stores in which the partners could not agree on anything. Their stores just faded out of business. After the stores closed by whichever method, individual partners either retired or took employment in other stores or jobs. The partners who owned the real estate leased the buildings to other types of businesses from which they drew income.\(^\text{12}\)

If the bonds of mutual responsibility and reward among partners had weakened, so too were those between employers and employees. The employees also became more focused on their own welfare as they entered the middle-class and gained job security, albeit with the help of labor unions. Most of the employees married after a few years of employment and their wages afforded them the opportunity to purchase homes and raise families. Naturally, they ceased rooming and boarding at the store and began directing more time and concern to their families at home. They came to resent the long hours of work and sought remedy with the help of the labor unions. With the cooperation of employees, the unions’ strengthened their position against the employers, enabling the former to constrain the latter in complying with union labor rules regarding hours...
worked. Hiring unmarried younger workers did not help the stores recapture their low labor costs because the new employees did not have the disposition to work long hours without compensation like their predecessors. This different attitude was due in part to stronger labor unions that protected their interests, increased opportunities for other types of employment, and changing socioeconomic norms in the Chinese American community. Thus, the low labor costs that had enabled the owners of the supermarkets to profit in spite of “loss leaders” began shrinking as old employees began working fewer hours without compensation and young ones refused to do it.\textsuperscript{13}

But the labor practices of the stores need to be placed in perspective. Chinese American employees were never reputed to be efficient workers, only diligent workers putting in long hours. When store management expected employees to work long hours, the goal was to get the job done regardless of the employees’ proficiency. In other words, the employees set their own work pace without management closely supervising them, but the tasks were expected to be completed before the employee ended work for the day. On the other hand, management never trained their employees when the latter began employment. New employees were just handed an apron to wear and they simply followed the work of senior employees. Work was a routine. Just like their employers who were unwilling to change their ways of management in the face of new challenges, employees were unwilling to change their ways of working. They were unamenable to training. At the same time, the cost of compensation was rising and sales volumes were declining. The union wages and the health and welfare benefits which employers had to pay did not appear merited for the level of productivity from their employees. But the management could not afford additional help without firing current employees, something they were very hesitant to do because the employees were relatives or friends of employers and other employees before employment.\textsuperscript{14}
Thus, the low labor cost resulting from employees working extra hours without compensation was unsustainable, causing Chinese American supermarkets to lose much of their competitiveness. The labor system of the 1940s and 1950s ceased to exist largely in part to the success of the supermarkets that provided a middle-class life for their employees. And the same success attracted the attention of the labor unions that sought to enforce the labor rules uniformly for all competitors and the attention of new competitors that sought to take away as much business as possible.

**Farmer’s Market**

On the surface, the Farmer’s Market chain of supermarkets, the largest locally owned company during its peak period, looked very impressive but many strong undercurrents were already pulling it down. Many of the forty stores closed their doors in rapid succession during the late 1970s. The origin of Farmer’s Market started out as one and then a few modest combination grocery stores operated by Walter Fong in Sacramento during the mid- and late 1930s. After the war Fong opened a Farmer’s Market supermarket and began expanding at an increasing rate during the late 1950s. As mentioned earlier, the Farmer’s Market supermarkets were the chief competitors of the Famous Food Stores, relying on weekly advertised sales items to draw in customers. The strategy worked fairly well for the company but it too could not support Farmer’s Market for the long duration. Increased competition from supermarkets of national companies, some of which offered better service and facilities while others offered storewide discount pricing, took their toll. Furthermore, the economic recessions greatly strained Farmer’s financial soundness because many of the stores were capitalized with minimum outlay.15
During the rapid expansion from the late 1960s to early 1970s, the purpose of the stores appeared not so much to build sales and generate profits as they were to create cash flow for their primary owner, Walter Fong, and jobs for the multitude of minor partners who invested a few thousand dollars. These minor partners included former employees of the Famous Food Stores and other Chinese American supermarkets and novices in the grocery business, some of whom were recent immigrants. Basically, each store was owned and operated like a partnership with Fong as the primary shareholder, similar to the partnerships of the Famous Food Stores. (Each of the Famous Food Stores had only a few partners, whereas it was not unusual to find a Farmer's Market supermarket with many partners.) However, the company expanded too fast during a period in which there was no latitude for miscalculations and did not have in place a strong management structure. In the stores the multitude of partners was a quandary, similar again to the Famous Food Stores but at a larger scale. Recognizing the need for a company supervisor with vision and leadership, Fong hired one. But Fong and his partners were unwilling to commit the resources and to relinquish some of their control to move their stores forward. They did not want to build an organization and delegate authority. The few people responsible for company-wide managerial duties lacked the expertise and experience. Subsequently, Fong lost control of the company and his management organization and his partners could not coordinate their operations. Because only a few of the stores had high sales volume, a downturn in business caused a critical reduction in cash flow. The recessions of the mid- and late 1970s also halted the expansion of supermarkets from which had fed the expansion of credit. Wholesalers, vendors, and suppliers became increasingly impatient with Farmer's Market accounts receivable. Many of the stores soon became insolvent and their dissolution was
reminiscent of the Famous Food Stores. By the mid-1980s, the last of the Farmer’s Market
stores were sold.\textsuperscript{16}

In addition to the fact that many of the Farmer’s Market stores were not as large,
up-to-date, and well maintained as their competition, the employees were not well
trained. Like the employees of the Famous Food Stores, a new employee was given an
apron to wear and immediately started working by following the example of a senior
employee. Many employees did not have a working knowledge of English; therefore,
customer service was sometimes lacking in a Farmer’s Market supermarket. This
shortcoming, while prevalent in Chinese American supermarkets of the past and
tolerated by their customers, was detrimental to the competitiveness of a contemporary
operation. It was no surprise, accordingly, that supervision was lacking too. Few
managers and their assistants wanted to take responsibility for decisions or many lacked
the necessary skills for their duties, needs, and challenges.\textsuperscript{17}

\textbf{Yuba Market and Chung Sun Market}

Yuba Market in Marysville operated until 1978, at which time Leland Lee sold the
supermarket to another grocer. During the twenty-two years of operation, the sales
volume remained fairly constant at $70-75,000 per week. In the 1950s and 1960s, the
amount was considered fairly sizeable and with low labor costs and expenses, the net
profit was substantial. Upon closer analysis, however, the steady weekly sales volume
over the years reveals a decline in business when accounting for inflation. The decline
was due primarily to competition from other locally owned supermarkets, most of which
opened and closed depending on the conditions of the market. In addition, the
operating expense—including labor, equipment, utilities, insurance, and supplies—
increased steadily over the same years, although not by too much. The escalating
expenses were absorbed somewhat by the profit margin, thereby maintaining an edge in competitiveness. Eventually the profit margin became close to nil due to rapidly rising labor costs beginning in the early 1970s. The labor unions were demanding higher wages and more benefits for their members. Lee was “running harder to stay in place.” The vicissitudes of the economy did not bode well for the future nor were the prospects of the local market that had been stagnant at best for years. By the middle of the decade Lee, the controlling partner, decided to get out while he could still ask for a good selling price. The new grocer operated the supermarket until he went out of business a short time later, whereby Lee rented the building to another retailer selling general merchandise, a status that exists today.\textsuperscript{18}

Chung Sun Market continues to operate today, but barely at a profit. Since opening in 1956, the store has realized a weekly sales volume of $60-70,000, depending upon the economic conditions and competition. Like Yuba Market, the amount was considered sizable during the 1950s and 1960s. With family members holding key positions and working long hours and personnel not in the labor unions, labor costs were minimized and profits were very respectable. The Lees remodeled the store, purchased up-to-date equipment, and continued to offer customer service to maintain their competitiveness while other locally and nationally owned supermarkets opened and closed. But again like Yuba Market, the steady weekly sales volume over the years reveals an actual decline in business when accounting for inflation. Profits were decreasing as they absorb the increasing expenses. The most difficult years were during the recessions of the 1970s and the entry of large supermarkets owned by national chain companies in the 1980s. But Chung Sun has remained resilient primarily because it has a loyal customer base in Colusa, a small community where traditionally everybody knows each other.\textsuperscript{19}
There are some ominous signs for Chung Sun Market. In the past the smallness of Colusa was the safeguard that kept Chung Sun Market’s business secured from national-based competitors which did not make inroads in the local market because it was not worthwhile. But recent growth in the population in the region and changes in shoppers’ preferences has altered the situation. Huge supermarkets and discount mass merchandisers have opened in shopping centers located twenty minutes away from Colusa, drawing many local residents with low prices and a vast selection in merchandise. Although the community is growing, new residents naturally do not have the loyalty and habits of the long-time natives who shop at Chung Sun Market. Even so, many familiar customers are making regular trips to the shopping centers for large purchases while making convenient trips to Chung Sun Market for small purchases. Changes in community, food retailing, and shopping pattern are forcing the Lees to soon make important decisions about maintaining their supermarket’s solvency let alone regaining their competitiveness and profitability.

**Giant Food**

The Giant Food supermarkets benefited from the growth of the economy, population, and supermarket industry in Northern California in the 1950s and 1960s. As a family operation, Giant Food did not undergo the internal conflicts like the partnerships of the Famous Food Stores. It was a combination of external forces that overwhelmed the Giant Food supermarkets, resulting in the selling or closing of the stores one by one from the mid-1970s onward. Rising labor costs due to the demands by the labor unions impacted greatly the bottom line of the stores, but George Quan Jr. attributed their decline largely to increase competition from large corporate companies such as Lucky’s Stores and Safeway Stores that have considerable resources. In previous decades the
large national companies did not make strong efforts to gain and hold a respectable portion of the Sacramento and Northern California markets, which were well known in the retail food industry as areas dominated by independent grocers. After recession of the early 1970s, which weakened the independent operators, rapid changes in the retail food industry and a surge in housing in new neighborhoods for baby-boomer families provided the opportunities for the national companies to expand their supermarkets into the Sacramento metropolitan area.

The national companies had the capital to open bigger and more modern supermarkets in ever-larger shopping centers. Detrimental to the competitiveness of the Giant Food stores were not so much that the national companies opened their supermarkets in not-too-distant locations that drew some of Giant Food customers, but that they could afford new computer systems which they used effectively. The two other Chinese American supermarket chains had the resources to do the same—Jumbo Markets did eventually and Bel Air Markets did without delay—but older, smaller independents like Giant Food did not. The computer system stored and analyzed information regarding the inventory, cost, selling price, sale, and profit of merchandise as well as the costs in labor and other expenses. Important data on customer transactions and traffic were also available. With copious information, store management can manage effectively variables such as inventory, profit margins, and labor costs, and do it forthwith. The instant control gave national companies the edge over the Giant Food stores that had to rely on periodic and year-end statements. The tighter control reduced expenses and excesses, the savings of which were reinvested into the operation and passed on to customers who favored service and selection in addition to competitive prices.21
The supermarkets that were most effective in using the computer to help compete against Giant Food were Lucky’s Stores. Able to fix the gross profit margin by adjusting the per item markup, the national company offered everyday low prices on all the merchandise in their stores. There were no more weekly sale prices. Customers thus had the satisfaction of knowing that the item they purchased, although may not be the lowest priced, were marked at a relatively low and steady price. This compared to the sale and regular pricing of Chinese American supermarkets in which shoppers were not sure that they were getting the best deal when purchasing non-sale merchandise. All too often for supermarkets like Giant Food and Farmer’s, shoppers from near and far would purchase the advertised weekly sale items only and do their regular shopping at Lucky’s or other large nationally and locally owned operations like Albertson’s, Safeway, and Raley’s. The latter group did not have the overall low prices like Lucky’s Stores but they had the modern equipment and facilities and the service and selection that appealed to customers. Because sale items were usually “loss leaders,” the weekly sales at these Chinese American supermarkets sometimes became a financial drain. Thus, the Quans of Giant Food Markets could not afford to compete and the partnerships of Farmer’s Markets could not agree or commit to compete.22

The Quans eventually sold or closed each of their Giant Food Stores by the end of the 1970s. Before the last Giant Food store went out of business, it merged with the Jumbo Market supermarket chain, giving the latter a slight majority in ownership but saving the former from total insolvency. The store changed its name to Jumbo Market, received an infusion of cash for minor remodeling, and made some personnel changes. It benefited from the advantages of a multi-store operation; for example, name recognition, shared expenses, extended credit, and increased wholesale buying power. The attempt to increase the store’s sales volume to restore its profitability was not
successful because the timing was inauspicious. Soon after the merger another recession struck and business was unfavorable everywhere.23

Lucky’s Stores attracted customers from outside their immediate market and gradually built up their sales volume. Because of the low markup, it was in their high sales volume in which the Lucky’s Stores made their profits. Everyday low prices meant that customers did not have to go shopping at various stores to get the best overall value. This came at a period when people had increasingly less time for shopping. When first implemented, most of the other companies did not regard everyday low prices a very serious threat to their competitiveness. Because their traditional methods had served them well in the past, the old Chinese American supermarkets stuck by their limited service and low prices, but soon realized that they were losing customers who preferred either the everyday low price or the full service and selection operations. There were disadvantages for customers in shopping in the first type of operation. Items that did not sell very well, especially those in unpopular sizes, were quickly discontinued. The number of brands and varieties of products were also reduced to keep inventory and labor costs down. Service was also limited to keep labor costs down.24 These disadvantages were capitalized by the second generation of supermarkets, Jumbo and Bel Air Markets, but there were many other factors necessary to succeed and only the latter company was committed to all of them.

**Jumbo Markets**

The Jumbo Market supermarket chain reached it zenith in the early 1980s in terms of the number of stores, a total of eleven. The high profit years, however, were in the 1960s when the partners worked long hours in the stores. From the 1960s to the early 1970s, Jumbo Market was at the forefront among Chinese American grocers who
dominated the grocery business in Northern California. In terms of sales volumes and profits, Jumbo Market had some of the highest per store.\textsuperscript{25} Flushed with success and sanguine expectations, the shareholders began their expansion. But the 1970s turned out to be much less propitious. As mentioned earlier, working against Jumbo Markets were two recessions, rapid developments in the retail food industry, rising expenses, increase competition, and changing neighborhoods. Within the first year of opening, each store reached an average weekly sales volume that did not vary much thereafter. Thus, the sales volume remained the same but the expenses kept rising, chiseling away at the already narrow profit margin and taxing the management's ability to counteract the situation. In other word, the Jumbo Market stores—like Yuba Market, Giant Food, and Farmer's—had the volume but not the profit. The shareholders persevered, hoping for things to turn around, but there were too many factors working against them.

Jumbo Markets weathered the first recession of the 1970s but rapid developments in the retail food industry challenged the shareholders' resolve to remain competitive. Their competitors' new supermarkets were increasingly bigger with more departments and services. To meet this challenge required the shareholders to invest a large amount of capital, a demand that not all of them were totally committed. The older Jumbo Markets were enlarged and brought up-to-date while the new ones were built bigger and equipped with the latest equipment. The company put in new departments and expanded old ones. But their efforts appeared to be a step behind their competitors who seemed to have more resources and better strategy, and management. Basically, it came back to the attitudes of Jumbo Markets' shareholders who were now responding to, not leading, the trends of the local market.

With more stores, the shareholders promoted employees to department and store managers to assist them. Sometimes they hired someone from another supermarket to
assume those positions. Later the shareholders brought in supervisors to handle company management and to help develop long-term plans. When the company consisted of a few supermarkets, the shareholders promoted employees based on their ability. Good management was the key to a successful operation. Because a great deal of the supermarket work was routine, not requiring much supervision, getting the maximum productivity from employees was the primary objective of good managers. They achieved this in part by working diligently themselves, setting an example for employees.

As the company expanded in the 1970s and early 1980s, many managers, assistant managers, and other key personnel were hired based on extraneous criteria by the company supervisors. Consequently, the quality of some managers and key personnel was less than exemplary at a time when capable leadership was most needed. Many of them were from other companies, causing further resentment among employees who worked for years at Jumbo Markets. In due course, the stores' productivity declined.26

Much of the responsibility for the lapses in management at the store level precipitated down from the top. The shareholders were trying to build a management organization for their growing company, but did not know how to go about it. Some of the shareholders were not willing to relinquish some of their managing capacity. They found it difficult to delegate authority because in the past they were wholly responsible for the success of their departments. They remained protective of their domain exclusive to the welfare of the whole company. Thus, it was not uncommon for shareholders to not support completely their managers and supervisors. They had also become distant from their old employees who had helped them reap huge profits in the early years.27

As in the past, the shareholders also lacked planning. The growth of the company, for example, started somewhat haphazardly, opening additional stores to make as much money as possible while spending as little as possible. This was especially
evident in the opening of later stores. They did not envision building a supermarket chain or increasing their competitiveness. Thus, it was not surprising that the shareholders did not have definitive long-term strategies and were not willing to expend the resources to carry out and complete objectives. No longer able to generate customer traffic by using advertised weekly sales items, they followed whatever trends other companies initiated, hoping to profit on it too. They supported a policy to offer better customer service, for example, only to withdraw it soon afterwards. They opened new departments long after their competitors did, too late to capitalize on them. Many other agendas faltered, leading to plummeting confidence towards shareholders and management among the employees.28

As modern as the Jumbo Markets were when compared to the Famous Food, Farmer’s, and Giant Food Markets, the productivity of the employees was nominally better. In earlier years, many voluntarily worked long hours to help their employers reap huge profits, but in later years the temperament of newer employees and enforcement of labor union rules greatly curtailed “free time” labor. From the mid-1970s forward, there were as many or more non-Chinese American employees as Chinese American employees in each of the stores, all of who followed strictly the labor union rules regarding work hours. Subsequent labor union contracts raised the wage and benefit costs for employers but employee productivity and sales volumes did not rise to offset them. The first shortcoming was due to the lack of any methodical good training given to employees, new and old. The second shortcoming, of course, was the responsibility of company management.29

A supermarket has to reach a specific sales volume to break even and to go beyond that to realize a profit. With sales volume remaining stagnant amid rising expenses and competition, it was difficult for Jumbo Markets to maintain solvency let
alone respectable profits. Something had to yield. The company was thus able to hold on longer than expected because the labor unions and employees granted wage and benefit concessions. But cutting expenses and forgoing improvements only forestalled insolvency. An outright sale of the company was an option, but an unprofitable company with out-dated stores was difficult to sell. It appeared that the shareholders did not know what to do let alone have any good way out. Like the other Chinese American supermarkets before them, each store was sold or closed one by one from the mid-1980s to the mid-1990s. Some of the stores continued to operate under new entrepreneurship, retaining some of the Jumbo Market employees. The closed stores were leased out to other types of enterprises, yielding income for the shareholders who still owned the real estate.30

Dick’s Market

In the late 1990s there remained only one Dick’s Market in a large shopping center in Sunnyvale, California, and business has been quite meager for quite some time. Dick Yee Incorporated had sold the other stores since the early 1970s. Most of Dick Yee’s children have retired from the supermarket business while some of third generation work in the remaining store and other retail businesses. One of the reasons for its decline, according to Gene Yee, was that national companies began opening supermarkets at a rapid pace in the San Jose area to dominate the market. They had the resources to locate their bigger, up-to-date stores in ever-larger shopping centers in burgeoning new communities, drawing customers away from the smaller, older supermarkets and shopping centers. Besides Safeway and Lucky’s Stores that were already established, Mayfair, Ralph’s, Alpha Beta, and Albertson’s Stores entered the market, putting more competitive pressure on local independent operations. In addition, the discount trend
initiated by the area’s Lucky’s Stores captured more customers during the latter half of the 1970s. Dick’s Markets also followed the trend but could not generate enough sales volume to offset the low gross profit margins, subsequently causing the stores to lose money. It was primarily those two factors during the 1970s, Gene Yee said, that Dick Yee Incorporation decided to sell their stores while they could get out.31

As the Dick Yee Incorporated divested its operation of supermarkets, it has directed its resources to the management of its numerous real estate holdings acquired during the years of supermarket expansion and consolidation. The acquisition of real estate in the 1950s and 1960s turned out to be a fortuitous move in light of the extremely high value of real estate in the Santa Clara Valley in the 1990s. This development was due to the booming computer technology industry in the region where trade profits and incomes caused real estate value to skyrocket. Rental and development of real estate thus became the primary business enterprise for members of the second and third generation of the Dick Yee family.32

Bel Air Markets

When the Jumbo Markets declined, the Bel Air Markets ascended. The Wongs of Bel Air Markets continually upgraded of equipment, enlarged the floor space, and set up new departments and services, reinvesting profits back into the operation to keep building up sales volume in their existing stores. They opened new shopping centers with their stores serving as mainstays. It was expensive and required resolve but the Wongs were willing to postpone their financial dividend to remain competitive and to build sales volume. During the late 1980s and early 1990s, for example, the sales volume for Bel Air Markets reached $350,000 to $450,000 a week, depending upon the store.33
By the early 1990s the Wongs felt that it was time to get out of the supermarket business. Since the mid-1980s they have been the preeminent supermarket operators in Northern California, highly regarded among competitors as well as peers for their business acumen. Bel Air Markets had a very loyal clientele and was highly profitable. As the six original shareholders were getting old, they “can see the handwriting on the wall.” They felt that “there was a time to be in and a time to be out.” It was time to sell while “there is a profit, not when you are going downhill.” In regards to passing the business to their heirs, they felt that the business “can never go back” to like it was in the past. There were also “too many nieces and nephews to get involved.” Word about the Wongs’ desire to sell their supermarkets quietly circulated in the supermarket industry. Soon the Wongs had had all kinds of perspective buyers soliciting them, major national chains and even a company from the Netherlands. In 1992, they sold all the supermarkets and much of the ancillary operations to Raley’s Stores, a large locally owned independent company which was Bel Air’s partner in wholesale ventures as well as its chief competitor. The Wong family retained much of their real estate and investments holdings, living comfortably from the revenues.

Final Perspectives

The early Chinese American operators implemented changes in their supermarkets to make more money, not necessarily to maintain their competitiveness. After World War II, for example, they opened their stores on Sundays. Later they extended their daily store hours to 8 PM, then 9, and then 10. In each instance, the competition, whether nationally or other Chinese American owned store, followed. But the Chinese American supermarkets were in fact already generating very good sales volumes and profits but the owners wanted to get rich quicker by staying open longer.
Because owners tried to make as much money as possible as soon as possible, they avoided expenditures for the long-term future. As their competitors reinvested profits to upgrade equipment or remodel stores, for example, most of the Chinese American supermarkets remained stagnant. It was not uncommon to see a store unchanged many years after its opening.36

An anecdote can help illustrate this situation. During the early 1960s my late father, a minor partner in Fine Food Market, attended a partnership meeting to discuss how to boost declining sales in the face of strong competition from the nearby Safeway and Farmer’s Market supermarkets. These bigger stores were much more modern than Fine Food, featuring contemporary design inside and outside, up-to-date equipment, and pleasing amenities. Recounting some of the discussions at the meeting, my father said that the partners debated about whether to install automatic entrance doors and air conditioning for the convenience of shoppers. The argument was that the competition had them and installing them would help the store regain some business. Ultimately, a majority of the partners voted to not spend money for the electric doors and store air conditioning. But later they had metal doors installed to replace the worn-out wooden doors and did some other minor piecemeal remodeling. My father left the partnership not too long afterwards.

As discussed earlier, the first generation of Chinese American supermarket operators acquired their competitive edge with low prices through cheap labor. By the early 1960s, the increasing enforcement of union work rules and the changing disposition of employees were chiseling away at the cheap labor. If not too late to change the situation, a solution may have been to employ new immigrants who began arriving since 1965. But there were some fundamental difficulties. At a time when customers were demanding better service, nearly all the immigrants lacked proficient English language
skills. Unlike earlier immigrants, recent ones came with their families, not likely amenable to living on store premises and working long hours. In regards to social solidarity, new arrivals were not from same village or lineage as the old immigrants, therefore were much less likely to feel akin and obligated to their employers to work long hours. Over the decades the old immigrants have already completed sponsoring their family and relatives to immigrate to America. Finally, the employers would have had to pay union wages and benefits that they felt were not cost effective with new immigrant employees at a time of increasing competitiveness.  

In the 1970s the national chain companies kept expanding into Northern California. They were not becoming more adept in competing against independently owned operations as much as they were better financed and had many more stores. That bestowed them with some critical advantages. Developers of shopping centers offered them choice locations because national companies tended to be long-term tenants. With many supermarkets in many different locations, large companies can better weather the vicissitudes of the economy, absorbing the losses of an unprofitable operation until it becomes profitable or closes. The same resources enabled their supermarkets to be equipped with the latest equipment and to follow the latest trends. Like most independent operations, Chinese American supermarkets had an advantage in autonomy and efficiency over national chain operations in responding to the particular needs of their local markets. The latter usually had to follow centralized management and standardized practices that often led to less efficiency even though most had the advantage of the vertical integration of food processing, purchasing, wholesaling, and distribution. Even if approved by the main office, implementation of changes such as personnel, equipment, and inventory at the neighborhood level came slowly, although store managers had the authority act on specific minor requests, such as

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ordering special merchandise for customers and making donations for community activities. The flexibility of unstructured management of the Chinese American supermarkets appeared to be a competitive advantage in the rapidly developing supermarket industry and changing socioeconomic conditions. But the same lack of organization that allowed for their competitiveness and profitability during the earlier years became unsuitable in an increasingly complex business demanding organization. This was the case during the expansion of stores in the Farmer’s Market and Jumbo Market companies.

After the first year, the weekly sales volumes of the Jumbo Markets rarely exceeded the level reached during the first year. In other words, the Jumbo Markets were losing market share after accounting for inflation. Rising wages and other expenses such as rent and insurance further reduced profits. If a local competitor went out of business, a burst of new business materialized for the nearby Jumbo Market. But that was usually not substantial or lasting. The stores had a difficult time gaining and maintaining new customers. A great deal of that was attributed to ineffective management discussed earlier. But much of the problem was also rooted in the neighborhood already saturated with other supermarkets. In other words, there was a fixed economic pie in the neighborhoods for the competing stores to make their cuts. When Jumbo Market number six opened, for example, there were already three supermarkets within a mile radius and another one planned for opening within two years. Most of the houses and apartments that were planned for the greater neighborhood were already built.

Jumbo Markets could not compete against the large corporations that had ample resources for expansion into new markets, remodeling old stores to increase competitiveness, and supporting unprofitable stores until they became profitable. Large companies could afford the latest technology and equipment to compete against an
older, smaller operation. They could afford the retraining of managers and the hiring of professionals such as marketing and accounting experts. And they could afford to close unprofitable stores, old or new.
Employees were the sustenance and scorn of employers. Employers needed and
used the cheap labor of Chinese American employees to gain competitiveness and to
make large profits. Eventually, employers looked at the rising cost of employee labor as
one of the chief causes in their decline in competitiveness and profits. In reality, it was
not so much that Chinese American labor cost more than their non-Chinese counterparts
as it was that their compensation rose and workload declined to parity. There may have
been some legitimate arguments on the employers’ part that Chinese American
employees were not as efficient and productive as their counterparts but that assertion
can be traced primarily back to training and management.

There is almost always another perspective to a story. The previous chapters
relate mostly the narratives and opinions from Chinese American employers. This chapter
focuses on the same from Chinese American employees who worked in their
supermarkets. They described how they got hired, their work, the stores, their pay, and so
forth. They have their views as to why the supermarkets rose, dominated, and declined.
The experiences they recounted and views they expressed were similar in many ways.
Thus, there was commonality about the way different stores operated. Criticism against
their employers can be expected because employees were less concerned about
external factors such as competition that led to their employers’ decline than about
management practices that affected them daily.
Included in this chapter also are the observations and opinions of grocery product salesmen who, although not involved integrally in daily operations, saw and knew of the workings of countless Chinese American supermarkets as well their competitors. From their regular contacts with store managers, they learned about the sales volumes of various operations. They also gathered unique perspectives because their work usually required them to be attentive to the thoughts and gripes of both employers and employees with whom they had intercourse. Furthermore, salesmen, although often in competition among themselves, usually discussed with each other what all the competing supermarkets were doing. Salesmen were able to compare and analyze the supermarkets’ actions and results. Hence, managers usually tried to pry information about their competitors from salesmen.

Under the following broad topics are a collage of experiences and opinions. They may appear disconnected, lacking continuity in histories and ideas. They are, however, interesting perspectives given in hindsight. Of course, “hindsight is twenty-twenty.”

The last section of this chapter is a transcription of an interview with George Chan. His perspectives are unique because of his broad experience in the grocery business working for different types of companies from the late 1950s to late 1980s. He is an energetic and astute observer, comparing and analyzing details around him. He was born in Folsom, California, where his father operated a family grocery store. For five years, Chan was employed at Palm Market, a very successful supermarket operated by a Chinese American partnership in Auburn, California. Afterwards, he worked four years at an Albertson’s, one of a chain of supermarkets owned by a national company. Chan worked two years at a Giant Food store, one of the Chinese American supermarket operations under study in this paper. Finally, he spent fourteen years working at a Corti
Brothers, one of the four upscale supermarkets owned by the local Corti family. Chan’s outspoken, colorful observations and opinions would be illuminating even to experienced and knowledgeable people in the retail food business.

**Getting Hired**

The personnel in early grocery stores and supermarkets were primarily partners. The few employees they hired were either related or close friends of the same village from which they immigrated. As the grocery stores expanded into supermarkets and new supermarkets opened, more labor was needed. In addition to sponsoring immigrants to work their stores, employers began hiring young American-born Chinese whose population was rising. In the 1940s and 1950s, getting hired at a Chinese American grocery store or supermarket was simply a matter of going there and asking for a job. But usually there was someone working at the store to whom the inquirer was related or acquainted, for example, a brother, relative, or friend. Referral, therefore, was important in getting a job. In the close-knit Chinese American community, there already existed a network for referral. Thus, the rapidly expanding grocery business created a demand for employees that was easily met.¹

Many young American-born Chinese men sought work in the grocery stores and supermarkets because the jobs were available. Coming from large families with parents who were working people, few had the financial resources to continue their education beyond high school if they wanted to do so. Because they spoke English, they were readily hired. And because they were single, energetic, and living at home, it did not matter much to them if their employers paid them nominal wages for their first job.²
**Working and Management**

Once hired the new employee, if experienced, went to work while those who were not experienced learned his skills while on the job. An inexperienced employee simply followed a senior employee at his duties and emulated his labor. In the 1940s and 1950s, when stores were small and tasks were simple, learning on the job was not difficult. It was just a matter of using “common sense.” Providing no methodical employee training typified Chinese American grocery stores and supermarkets except for Bel Air Markets, which started an employee-training program in the 1970s.\(^3\)

In a grocery store or supermarket, work was basically routine, seldom needing close supervision. At Yolo Grocery in Woodland, for example, partners came and went, leaving the employees to fulfill their duties without oversight.\(^4\) But employees liked to perceive a sense of leadership and direction from management. In stores without strong management, some employees would habitually complain about their circumstances and try to do as little as possible. When they felt that their employers took on very little responsibilities, they followed suit.\(^5\)

Before the mid-1960s, Chinese American employers and employees considered all work as the same work. There was no such thing as overtime work and pay. When employers needed employees to work beyond twelve hours, the latter acquiesced with the knowledge that they would not be compensated. Employees knew that they would be working long hours because it was an established practice in Chinese American enterprises. Employees worked six days because the stores were opened for only six days a week. Chinese American employees had very little or no contact with their non-Chinese American counterparts working in other stores; therefore, the former had very little information about the work and hours performed by the latter with which to compare their situation. By the late 1950s, the labor unions demanded and obtained a
five-workday week for employees, but that did not mean that old labor practices ceased immediately.6

After the mid-1960s, an employee working long hours without compensation was increasingly unlikely to occur. Some managers still expected it from their longtime immigrant employees in their old stores but other managers never considered it in their modern stores because of the constitution of younger employees and the vigilance of strong labor unions. An American-born manager did not expect free-time from American-born employee who would not give it, although it was not rare to find an American-born employee doing it on his own initiative. In earlier years, immigrant employees regularly worked long hour without compensation because it was agreed upon with their employers who sponsored their immigration and provided their employment.7

Pay

During the early 1940s to the early 1950s, the wages paid to employees varied. At the I Street Bridge Market in West Sacramento, for example, the Quans paid their Chinese American employees about $60 a month for working six days a week, twelve hours a day during the early years of operation. If the employee was productive, he was paid a little more, if not so productive, a little less. Included in the compensation were three meals a day and rooms for lodging if needed, but there were no health and welfare benefits. Even if the employee was enrolled in a labor union, he would had received a modest amount of health and welfare benefits because the labor unions were still developing their benefits plans during the early 1950s. The Quans paid their employees once month until after the war when the Retail Clerks’ Union, after having enrolled the employees, forced them to pay their clerks twice a month.8
After the war, the Leland Lee paid his employees of Yuba Market in Marysville the union wage rate including health and welfare benefits for working six days a week. But not all the Chinese American supermarket paid union wages and benefits. In the early 1950s, an employee at Yolo Grocery, one of the supermarkets in which the Lee family invested, received about $125.00 a month for working six days a week, twelve hours a day. There were no benefits. Getting paid for work done beyond twelve hours a day did not occur. During this period, the enrollment of employees of a particular store or area into the Retail Clerks’ Union depended mostly on the efforts of the field representative. Until employees were enrolled into the union, they usually did not receive a pay increase let alone benefits.9

Joining the Unions

When the Retail Clerk’s Union began earnest efforts to organize the Chinese American employees after the war, field representatives entered the stores to inspect the employees working and check them against the list of union employees. They came about once a week at an unscheduled time to identify those who were not members and to encourage them to join. Although employers agreed to let labor unions enroll employees, it was not unusual to find in a store some employees who were union members and others who were not. When a union representative was sighted entering the store, word would quickly spread to warn of his arrival. Often times there were secret-code phrases announced over the store intercom by the clerks working at the front checkout counters of the store. Non-union members in the aisles would immediately stop what they were doing and hasten to the back of the store to conceal themselves in the warehouse or to leave through the backdoor.10
Among Chinese American employees there were understandable reasons for not joining the union. During the 1940s and early 1950s, employees were wary of the intentions and purpose of the labor unions. Other than customers and maybe a few female Caucasian cashiers, many Chinese American employees had little contact with people who were outside their ethnic group. History and life experiences taught them to be suspicious and cautious with Caucasian people. The employees did not see how joining the unions and paying dues would benefit them. Wages were a little higher for union members but they paid about six dollars a month in dues which was collected by the union representative when he made his visits. The health and welfare benefits for being a union member amounted only to medical care with an assigned doctor. A pension plan was only later included. Thus, it was hard to sell the Retail Clerks' Union to employees, especially to young men without families. In addition, there was a lack of communication between union representatives and employees. On one hand, the representatives did not provide much information about the union and the few advantages of joining; on the other hand, many Chinese Americans were not proficient in English and union representatives did not speak Chinese. The fact that none of the union representatives were Chinese Americans did not avail the labor unions to Chinese American workers. Before World War II, Chinese American employees were not encouraged to join or were ignored altogether by the labor unions. After the war, Chinese American employees saw the labor unions as only wanting monthly dues from them and the union representatives as collectors. Essentially, Chinese American employees did not trust labor unions.11

The employees' attitude towards the labor unions, however, began changing during the mid-1950s. Before that time, employees either did not know or did not care much about the compensation differential because of past discrimination in
employment and union membership. They were less concerned about the differential than about job security and solidarity with their employer against their competitors. But as more and more employees joined the unions, they spread information about the better wages and the benefits that membership afforded them. There were also employees who wanted the help of labor unions to get better work conditions and due pay. This was exemplified in the litigation against Yuba Market in 1954 in which employees asked the Retail Clerks Union to sue for noncompliance of labor agreement and for back wages because they had been working long hours without compensation.

The employees struck a balance with their employers and labor unions for attaining job security and compensation. They grudgingly acquiesced to working extra hours without compensation as long as they were paid the union scale and received benefits. But the number of unpaid hours that employees were willing to work were gradually decreasing. Younger American-born employees who were not bound by old-world traditions were taking the place of older immigrant employees. With a middle-class income, unmarried employees got married and purchased homes. Married employees started families and purchased homes. Those who had families in the old country were able to afford to have them immigrate and settle in America. Hence, employees with families and the means wanted to spend more time at home than at the store. With wages, benefits, and rights derived from being members of labor unions, they weaned away from their employers. But they always kept in mind that if they quit or were fired from their place of employment, it was very difficult to get a job in a store that was not owned by a Chinese American.
Living Quarters

The first generation of Chinese American supermarkets had living quarters on the premises available for employees who needed room and board. It was common practice among Chinese enterprises in America and the homeland for employers to provide room and board for their employees. As discussed earlier, under prior agreement sometimes a charge for accommodations was deducted from the paychecks of employees. Those who used the facilities were in various circumstances, depending upon the type of employees the store hired. There were young immigrant men without families, either unmarried or their families were back in the homeland. There were those who lived a long distance from the store and returned to their hometowns on their days off. They included immigrants and American-born who may have families at home. There were some employees whose home was the store.\textsuperscript{13}

The accommodations usually consisted of bedrooms with communal bathrooms and a kitchen and dining area. There may be a sitting or living room for watching television, reading, or other recreational activities. Depending upon the size of the operation, there could be as few as three bedrooms or as many as fifteen. The store employed a cook to provide three meals a day for employees who lived on the premises. All employees who worked a full day were provided at least one meal a day in an hour break. The accommodations were usually located upstairs on the backside of the store. Although connected to the store area by a stairway or hallway, there was a door that was locked by the night manager to separate the work area from the living quarters. This was to insure security for the store and safety for the residents. Of course the residents could always leave and enter the premise by another door opening to the outside.\textsuperscript{14}
Salesmen’s Perspectives

Food product companies began hiring Chinese Americans to represent their merchandise in the mid-1950s because Chinese American grocers were gaining prominence in grocery stores and supermarkets. Before that time there were very few if any Chinese American salesmen working for American food companies. Companies realized that in order to gain access to the growing number of Chinese American food retailers, they needed Chinese American salesmen. Their Caucasian salesmen had difficulty making contact with Chinese American owners or managers in order to persuade them to stock their company’s products or to expand their products’ display space on the store shelves. When seeking the manager, Chinese American employees often said, “The boss not here,” to Caucasian salesmen. The reason for this evasiveness was to help storeowners avoid contact with immigration or internal revenue officials who could be investigating them. As discussed earlier, it was not uncommon for storeowners to sponsor immigrants who entered under questionable status. Storeowners also dodged internal revenue officials because the former usually dealt with cash in their business dealings to avoid leaving records that may result in paying income tax. Thus, it was only fellow Chinese Americans whom storeowners trusted to speak because the former understood the latter’s sentiment, experiences, and needs. After representing a single product or company, Chinese Americans salesmen began to operate their own food brokerage companies, contracting their services to various food companies.15

A demand that Chinese American owners or managers regularly made on product salesmen was for the latter to stock on the shelves the merchandise they sold. This practice went on as frequently as every week and the salesmen complied because it assured them that their products would retain display position and space on the shelves. It also gave the salesmen an opportunity to expand their display space on the
shelves at the expense of their competitor’s products if the latter did not also diligently do the same. In essence, the store manager was playing one competitor against another to save on the cost of labor if store employees stocked the shelves. This was in violation of the union contract that stipulated that only employees were permitted to stock shelves. Except for Bel Air Markets, this practice was widespread among all Chinese American grocers.\textsuperscript{16}

Although they provided cheap labor, store personnel was one of the weak points of the earlier Chinese American operations. The immigrant employees usually lacked the English-language skills and the courtesy to facilitate customer service. When a customer asked where a product was located, they either ignored the customer or just pointed while not understanding what was said. Because they worked long hours and extra days without compensation, “they always gripe.” “They try to do as little as they can. You notice that in their attitude,” said one salesman. Their attitude carried over to salespeople, showing jealousy towards them. They did “not want you to get ahead” because they felt that salespeople “have such easy jobs making so much money.” Sometimes when the salesman asked for the manager, for example, they do not volunteer any assistance.\textsuperscript{17}

Some storeowners were not much better in their attitudes. After their stores become successful and profitable, some owners started to get “their heads up in the air.” They became less courteous and respectful to salespeople. In partnerships, partners became less accommodating towards each other, leading to hostility. With partners not trusting one another, management then became the biggest problem for stores.\textsuperscript{18}

Besides low labor cost, one of the other reasons why early Chinese American supermarkets such as the Famous Food Stores were able to offer low prices and draw in
shoppers was their huge warehouses. The operators often purchased large quantities of merchandise that were on promotion from the manufacturers or wholesale grocers and stored them in their warehouses. The reduced prices were passed on to shoppers not only for the week that the items were advertised on sale but also for a period beyond because of the inventory in their warehouses. Their competitors, on the other hand, usually offered sale prices for one week and then raised the prices back to regular retail.  

As callers to countless operations, Chinese American salesmen were cognizant of the difference between most Chinese American supermarkets and their competitors. The "real old timers (operators of the Famous Food Stores)" were not progressive. They don't remodel and keep up with the times." When the owners opened, they put into their stores "whatever was necessary to start" and operated by doing "whatever they can to get by." Until Jumbo and Bel Air Markets opened, the "laofan stores" (Caucasian stores) had the "advantage of service and cleaner stores."  

**Why Stores Declined**

Employees' opinions as to why Chinese American supermarkets declined converge on management. They criticize the fact that all the companies that went into decline did not have a training program to teach employees how to work efficiently and to provide customer service. Training was not as important during the early years of supermarket business as it was during the competitive years from the 1970s onward. Essentially, former employees said that management changed little from the ways they operated in the past. That persistence carried over in their response to competition. When national companies started opening larger stores, one employee noted his Chinese American employers built their Jumbo Market stores "the same size like what
(they) have." Another weak point about management was the managers themselves. When the companies were young, the partners ran their daily operations or had close contact with their competent managers. As the companies expanded, the quality of managers declined. The owners hired them because of their social skills rather than their work record and their ability to manage a store.21

An employer’s misjudgment and insensitivity also contributed to a store’s decline. According to one employee, when his employer hired supervisors to help manage the growing company, he relied on unqualified people. He was "listening to the wrong people, only the ones he likes." The employee felt that the company never took care of its employees. The shareholders were "for themselves" and "all they were looking for was the old mighty buck." He said, for example, that during one Christmas holiday they gave each employee a gift of ten dollars. He felt insulted by his employers’ lack of appreciation for their employees. He handed it back to the manager and said sarcastically, "give it back to whoever gave it. I think they need it more than we do."22

Nearly all the Chinese American operators were trying to make quick profits by relying on cheap labor rather than by building up the sales volume and extracting steady profits from it. They did not want "to pay good money to get good people" to help manage their stores. The owners of the older operations ran their stores like "sweat shops." The owners of the newer operations did not want to invest money to keep up with the trends that shopper preferred; for example, bigger stores, checkout scanners, and new departments. The main concern for owners of old and new operations was to "cut labor costs" and it became one of the reasons for their downfall as customers expected better service.23
Comparative Perspectives

For immigrant employees at Palm Market in Auburn, California, their terms and conditions of employment were similar to those in Yuba Market in Marysville. The large supermarket opened in the mid-1950s and also employed American-born Chinese as well as Caucasian employees. They received five days of union wages but worked six days. Each workday they put in more hours than other employees did. Conscious about annoying customers with non-English speaking personnel, the management assigned immigrant employees to work in the warehouse and aisles to keep them away from customers. (About fifty miles northeast of Sacramento, Auburn was a town in which very few ethnic minorities resided and in which there was a history of anti-Chinese violence.)

But there was counterbalance to the immigrant employees' situation. Their productivity, according to George Chan, was much less than his and other American-born employees. "They dragged their butts" and were in "no big hurry" to do their work, possibly because they had to put in longer hours. And "nothing was said to them."

Room and board was provided, therefore, they had "a pretty nice place to stay" and "food was furnished." Thus, these immigrant employees could save their money and move forward with other plans if they wanted.

Management at Palm Market tended to be inattentive but there were expectations to get the work done. For most employees, they assumed their duties and responsibilities without hesitation. Chan remarked that,

The only thing good about it was that they let you sort of work at your own pace. If you didn't get it done, you had to keep working at it. There was no time clock or nothing...but our work ethic was work on it until you get it done. And if you stayed over, you didn't feel (abused) because most of the time the bosses were doing the same thing. You know the bosses actually worked. They put a hell of a lot more hours than you did. But of course they were all part owners.
Management tried to ameliorate the extra time at work by providing drinks and snacks at no cost during rest breaks. But there were employees who took advantage of the situation and did very little work when the management was not watching. Chan observed, “You got some there, boy, they wouldn’t do anything but they lived good.” Although Chinese American employees regularly worked beyond their schedule time, the Caucasian employees rarely did. “The white guys got away with murder,” the Chan exclaimed.

Chan worked in an Albertson’s Store located in a northeastern suburb of Sacramento in the mid-1960s. At the time, a Chinese American employee working in a large national chain company was uncommon and Chan was the only ethnic minority employee in the store. Chan described the work as “very regimented, that’s because (I was) coming from a Chinese store. Everything had to be done (in) certain ways and like that.” Supervision was close and precise. “Just like any big company. I was told what to do there (more) than at the Chinese store.” At the Chinese owned store, “They assume you knew what you were doing. Then you just did it.” (At Albertson’s) “You built the display a certain way and things like that. There wasn’t much give to it.”

When he arrived at and departed from work, Chan punched the time clock. Because Albertson’s was a unionized store, an employee was not to do any work “off-the-clock.” It was the official rule. “You couldn’t punch in five minutes before or five minutes after.” Unofficially, something else occurred.

Oh, they wanted that (put in extra time). Definitely, you know. (If it) didn’t get done, something was going to happen, so you stayed until it finished. But they wanted you to be punched out. The supervisor would say, “Don’t work off-the-clock.” But then the store manager would look the other way because he wanted to make sure it was done. Actually, it was a lot more work there than at the Chinese store.

Albertson’s funny. Each store manager would have his own little empire. When he took over a store, the first thing he wanted to do was to get rid of
anybody who wasn’t his. He wanted to bring (in) his own (department) managers. That way he can do these things. He says (that) we got to cut labor (cost) down this week for the labor report. So he would see if he could get the guys to do this. (For example) If he’s got a good produce manager, he would buy him lunch or maybe give him a six-pack of beer out of his pocket because he’s worried. He’s worried because he can’t get it (reduce labor cost) done by himself. (Acting on his own initiative the produce manager) would put in an hour or an hour and a half (off-the-clock to get the work done).

Basically, that’s what he did. And the store manager didn’t want to hear anything about it. That’s why he wanted to bring (in) his own meat manager, produce manager, grocery manager. Then they’re part of the group. Naturally, he promised these guys if there’s something upstairs (a promotion). So these guys would fall for it and tell the line with him. The store manager never wanted you if you weren’t part of the team because of the fact that these kinds of things might get them into trouble.

The union was very strict and strong. If an employee reported this activity, the labor union would immediately follow up on it. A store manager and his cohorts caught working off-the-clock by a union representative would be fined fifty or seventy-five dollars.

Working off-the-clock went beyond the department manager level. The store manager was responsible for keeping total labor cost of the store within a limit specified by the administrative office. Department managers had to stay within their limits set by the store manager; that is, their employee-labor hours. The former, therefore, depended on few of his trusted, complicit employees to also work off-the-clock when the need arose; for example, when there was not enough hours allotted for meat cutters to prepare for a meat sale. “It went on through the industry,” Chan observed.

But it was really stupid for guys to do that because if they got hurt off-the-clock, they wouldn’t be covered by workmen’s comp. But they’re not thinking about that. All they’re thinking about is getting promoted. I know some guys that did get promoted, but there’s a lot more that didn’t.

The store labor cost was based on projected sales for the store determined by the administrative office. The office was not concern how the store manager met the sales projection or stayed with the labor cost limit. He just had to do it. The store manager, in
turn, put pressure on his immediate subordinates and they did the same to theirs, trickling all the way down to the ordinary employees. "That’s how they made the money, off the labor." Thus, at Albertson’s the work may be recorded on paper as taking eight or ten hours to complete but in reality it took employees fourteen hours. They labored off-the-clock to cover it. As for Chan, he was a strong supporter of the labor union. "So if I clocked off, I’m going home."

If the labor cost differential was not very great, how did national chain supermarkets like Albertson’s overtake Chinese American supermarkets like Palm Market in the 1970s? According to Chan, the latter was not able to secure the type of labor it had in the past. Furthermore, the store was forced to keep employment records, pay full union wages, and so forth, raising the cost of labor. In the late 1970s, Albertson’s prevailed upon the Retail Clerks’ Union to reorganize employee rankings and grant wage concessions, reducing its labor cost. Palm Market had the advantage of being a local independent operation where the management was able to react much quicker to changes in the market and to give special service and attention to its clientele. But Albertson’s sold their name and size. "The fact that they were big, people would see that and go there." Because Albertson’s was big, "they can just outlast you." The company made profits not necessarily at the store, but at its wholesale and transportation operations that were part of its vertical integration of the business.

Palm Market had great business but collapse from within. The supermarket did so much business that the partners recouped their capitalization in two years. “That’s when the trouble started because the partners became so rich.” They “got greedy” and started to fight among themselves. The minor partners who invested small sums and were doing the daily work became jealous of the major partners who invested large sums and did not work in the store. The investing partners, or “silent shareholders,” came
for visits only and collected the lion’s share of the yearly profits, causing resentment among the working partners. To aggravate the situation, one of the primary “silent shareholders” installed his son to manage the store. Soon the partners went their own ways and one opened a competing supermarket, Alpine Market, in the area. Not long afterwards, Palm Market lost business and went bankrupt. The other supermarket was very successful but its success attracted large independent and national supermarkets, including Albertson’s, that outlasted and “beat it to the ground.”

Chan worked in a Giant Food store before it was sold to Corti Brothers. He was retained and subsequently worked in all the Corti Brothers stores. Like Giant Food, Corti Brothers expanded to four stores and then collapsed. In Chan’s opinion, it appeared that having four stores was the point where companies were “either going to make it big or not going to make it.” At four stores, a company became big enough to be out of control, whereas a company with one or two stores did not have to deal carefully with control. If a small company made mistakes, its loses were not so great that they cannot be recovered by increased sales volume. With more stores, mistakes and loses were multiplied and very difficult and costly to recover. It was thus imperative that expanding companies had in place a strong management organization to maintain control. Corti Brothers, Giant Food, and even Farmer’s Markets did not. An administrative setup like that of Albertson’s and other large national companies’ may not work efficiently, but it “worked better than no control at all.”

The Corti Brothers was a family operation. When it expanded, the owners put their adult children in charge, but they appeared to have little or no experience working in a supermarket let alone managing one. Employees with many years of grocery experience, for example, had to follow directions that sometimes ended with failed or bad results. Consequently, they were reprimanded for not using their own judgement to
countermand the directions. Obviously, resentment toward the young managers grew and employee productivity declined. "If the crew’s unhappy, it (the store) will go down the tube." In addition, daily supervision of employees was lax, resulting in "a lot of things never getting done." Because they were not efficient, the owners were "having to pour money" into the stores to keep them operating. Eventually, Corti Brothers had to close three stores. One is still in operation today as an upscale supermarket.
CHAPTER 8
LABOR UNIONS

This chapter focuses on the supermarket industry’s labor relations and the labor unions’ impact on Chinese American supermarkets. Among the latter, former owners often cited onerous labor cost due to the unionization of store employees and the enforcement of restrictive labor practices as a significant factor in the decline of their competitiveness and profitability. Labor cost has always been the most significant operating cost in the supermarket industry. The owners’ assertion can be substantiated but with qualifications because the unionization of supermarkets was beneficial to them at first as much as it was detrimental to them later. Unionization meant that labor rates and labor rules in a supermarket were set in contract by agreement between labor unions and employer. In Sacramento and Northern California during the early 1950s, nearly all supermarkets were unionized soon after they opened. In this very competitive retail food market, companies did not want any kind of interference in their management. But if every company in their local markets had to operate under the same constraints, unionization would be tolerable. This was not always the case.

Unionization brought parity to labor rates for all unionized stores, but not every operation complied exactly with union policies regarding labor practices. Being able to circumvent union labor rules became the major competitive edge for Chinese American supermarkets, reducing their labor cost. Thus, the unionization of supermarkets worked to the advantage of Chinese American supermarkets even though they were unionized.
In *Restrictive Labor Practices in the Supermarket Industry*, Herbert R. Northrup defined "restrictive labor" as the unions' attempt "to force management to employ additional manpower, to reduce productivity, or otherwise to interfere with the most economic utilization of labor and equipment." He argued that restrictive labor practices caused disadvantages to unionized supermarkets where there was competition from nonunion operations, increasing the differential in labor cost. His argument was sound and taking the logic to the next step would presume that unionization of all operations would decrease the differential in labor cost. This was not true in markets where Chinese American supermarkets operated. Total unionization gave them the advantage because their unique personnel made their operations exempt from the labor unions' authority. Only when labor rules were effected completely in Chinese American supermarkets did their advantage in labor cost was negated, contributing to their decline.

One of the main competitive advantages of Chinese American operations was their flexible labor practice. This flexibility reduced labor cost, helping to lower grocery prices, attract customers, raise sales volume, and increase profits. Clearly, this advantage was found among the early Chinese American grocery stores that were nonunion. In the early supermarkets that were unionized, however, nearly all of the personnel were both a partner and a union member. The Retail Clerks’ Labor Union did not allow the partner who was the designated manager to enroll. In this unique situation, unionized partners received wages and shared in store profits. They also received union health-and-welfare benefits and had the prerogative to circumvent the unions’ wage rates and labor rules. Union representatives could not force them to follow work rules but they could do so on the few regular employees that were hired. The labor unions had to be content with unionized partner paying their monthly dues and benefit payments.
Later the manager could participate in the health insurance plan but not in the pension plan. Naturally, unionized partners saw to it that labor was utilized in ways to maximize store profits; for example, working long hours six or seven days a week. Chinese American supermarkets, therefore, had a distinct advantage over their competitors not so much in wage differential but in their flexibility in scheduling and number of hours their personnel worked.

Another aspect of flexible labor practices that led to reduced labor cost was found in the employees. As discussed in the previous chapter, Chinese American employees of the early supermarkets were reluctant to voluntarily “sign up” with the labor unions because of their sense of loyalty, solidarity, and indebtedness they had towards their employers. They were also suspicious if not ignorant of the unions’ motives, especially in regards to paying union dues. When they did become union members, they often continued working in ways that were in violation of union labor rules.

When the labor unions became better at enforcing work rules and the personnel in Chinese American supermarkets became more conventional, the stores’ advantage in flexible labor practices was largely erased. But Chinese American supermarkets would occasionally resort to labor practices in violation of contract labor rules, trying to maintain or regain their old advantage over the competition. But it appeared that nearly all supermarkets in the extremely competitive Sacramento and Northern California market—national as well as local companies, chain as well as independent operations—participated in this clandestine practice in various degrees to get an advantage or just to survive. The Retail Clerks’ Union Local 588 knew about it and tried constantly to end to it. But it was difficult because some employees would cooperate with this practice, even though ending it was for their welfare. Over time the working relationship between management and employee became less close because of the
increasing division of labor in modern operations. As the labor unions gained strength, they were able to arrest most of the labor transgressions, including those that took place in Chinese American supermarkets.

In his volume, Northrup stated that there has been very little study regarding union policies that inhibit the most effective utilization of labor in the supermarket industry. His work studied the development, operation and impact of restrictive labor practices up to the mid-1960s. Although the 1967 publication was thoroughly detailed and analytical, some of his forecasts have proven to be incorrect for the Sacramento and Northern California region. He predicted, for instance, a growing share of the market by nonunion affiliated independent operations (cooperative wholesale-retail alliances) over corporate chain operations because of "their relative freedom from restrictive practices and restraints on productivity." By the 1990s, the opposite has been true, mainly because of the willingness to compromise by both labor unions and companies in a rapidly changing retail environment. Nonetheless, his work was substantive in helping understand the role of the labor unions in the rise, dominance, and decline of Chinese American supermarkets. This chapter summarizes many of his findings and the history of the retail food employees' unions.

Unionization of Supermarkets

The unionization of supermarkets developed with the industry, advancing rapidly in the years immediately preceding and following World War II. Organized according to occupation, the basic unions in the retail food industry are the Retail Clerks International Association, the Amalgamated Meat Cutters and Butchers Workmen, and the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers. The largest union within the industry is the Retail Clerks, which along with the Amalgamated
Meat Cutters, are found primarily in the stores. The International Brotherhood of Teamsters is organized among drivers and warehousemen. Occasionally one union will cover all store employees, a “wall-to-wall” agreement, but usually the Meat Cutters Union organizes meat employees and the Retail Clerks’ Union the rest of the store. The characteristics of the labor force in the supermarkets affected the development of the labor unions.4

Depending on the size of the company, about 90 percent or more of all supermarket employees were store personnel rather than warehousemen, truck drivers, managers, office employees, and administration staff. Of course, the smaller the company the more likely that all employees were store personnel. Since the early 1950s, an increasing number of store personnel have been part-time employees, again depending upon the company’s size, sales volume, and the location. These trends and variations affected union policies and impact. In addition, labor turn-over was often high, especially for part-time employees with no long-term interest. This factor also affected union organizing policies.5

The unions’ strength varied by type (chain or independent) and size of supermarket and by region. Large supermarkets of national chain companies doing high sales volume were much more likely to be unionized than small independent supermarkets. Unionization by region was based on local market conditions but settlements in one region often put pressure on another. More important was the unionization by department that spread to the rest of the store. With some exceptions in the meat department, store employees have been organized by the strength of the Teamsters Union who used their power after unionizing truck drivers to organize warehousemen of large companies that have their own facilities and to help the Retail Clerks’ Union organize store employees. The importance of the Teamsters Union cannot
be overstated in the unionization of the workplace. The key was the drivers who
delivered products to the stores. If the drivers stopped delivery, the supermarkets had no
choice but to close. Getting products to the stores on a regular schedule, especially
fast-selling items and perishable produce and meats, was of utmost importance to
supermarkets. In addition, drivers who delivered daily or weekly the "vendor products,"
high profit items such as snack foods, soft drinks, and alcoholic beverages, would not
cross picket lines. In this highly competitive business, it was necessary for supermarket
companies to come to an agreement with unionized drivers without any disruption as
soon as possible. ^

The Retail Clerks' unionized stores by using coercion, pressure, and dealings with
employers rather than by enrolling employees. Unionization, however, was checked by
several difficulties: the large number of supermarkets, the high cost to unions of enrolling
small groups of scattered employees, the large percentage of part-time workers, the
high turnover of such employees, and the close working relationship of store employee
and manager. In addition, since the skills of most grocery clerks were not too difficult to
learn, striking employees were relatively easy to replace. ^

To counteract these obstacles, the Retail Clerks used three basic techniques: the
strategic alliance, accretion clause, and direct approach. The strategic alliance relied
on the cooperation of the Teamsters truck drivers who refused to cross picket lines set up
by the Retail Clerks. The effects mentioned earlier. In some instances, supermarket
employees were part of the operation, but in many they were not. In fact, the Retail
Clerks' Union would sometimes hire people to walk the picket lines so that the strike
would not cause estrangement among employees, employers, and customers during
and after the action. It was not the strike by the Retail Clerks' Union which employers
feared but rather the presence of picket lines, the mere threat of which was usually
enough to prompt their recognition of the union. Thus, the ease by which employers could be brought to terms allowed the Retail Clerks’ Union to disregard the wishes of the employees or to not request a National Labor Relations Board (NLRB) election. This method was effective, inexpensive, and expeditious.8

Once recognized the Retail Clerks’ Union demanded an “accretion clause,” the unionization of all newly opened stores of the company in the area. The area was often broadly defined so that unionization was not only ensured in the local market area but also in the contiguous areas. Hence, new stores automatically became unionized shops. Similar to this technique was the direct approach where the union pressed for the unionization of a store, which opened in a completely new area, whose company already had a contract with the union in the home city. The new contract would be based on the one in the home city except that sometimes they would allow for lower wages and inferior working conditions. The strategy was to first secure any contract possible and then try to improve it.9

The labor unions, particularly the Retail Clerks, tended to unionize first the stores of large chain companies, and then the ones of affiliated independent companies. Their organization tactics fostered this trend which resulted in a concentration on the chains where the number of members and sum of dues were large. The organization of independents, on the other hand, were a bit more difficult since the warehouse and trucking employees of the cooperatives and wholesalers were not as highly unionized as those of the chains. As a result, smaller independent stores particularly and stores not in large metropolitan areas were largely able to resist unionization.10 Naturally, stores whose personnel consisted mostly of family members opposed unionization and unions did not attempt to organize them. This was evident in Chung Sun Market in Colusa.
This pattern of unionization occurred in Sacramento and Northern California communities where the large independents always acceded to nearly the same terms reached between the chains and labor unions after negotiations. Chinese American employers and employees resisted unionization after the war but almost all of them eventually acquiesced. The Famous Food Stores that opened in the 1950s, for example, were under union contract within a month after opening because of the threat of picket lines. The unions’ effort to enroll Chinese American employees into their organization was not always earnest. Many employees claimed that the labor unions harbored racial prejudice against them before the war, keeping them out of membership. Of course, the situation was quite satisfactory for the Chinese American employers. America’s entry into the war against Japan and its alliance with China laid to rest much of the discriminatory practices. And when Chinese American supermarkets began dominating the grocery business after the war, their competitors pressured the labor unions to actively organize all operations.  

The outcome for small independents in rural communities, however, varied; some became unionized while some did not, depending upon the store’s situation. As mentioned above, the unions usually did not try to coerce a family operation to unionize where the majority of personnel were family members. Usually, independent operations in small local markets did not achieve the sales volumes and profits that were large enough to attract a big chain company to open an operation nearby. A chain company, of course, would bring a unionized stores into the area because of the accretion clause. A unionized store’s higher labor cost, when compared to the nonunion store, can be absorbed by other stores in the chain until it gains a market share sizable enough to force the latter to go out of business. Afterwards, the unionized store can focus on making a profit from the cumulative sales volume reaped from being the only
operation in the local market. In sum, unionization was particularly strong in California compared to other regions of the country because of the accretion clause and rapid expansion of supermarkets in the state’s isolated markets where customers could not go elsewhere to shop. In “Union Impact on Retail Food Wages in California,” Walter Fogel estimated that by the early 1960s, 65 percent of all food store employees in California and over 90 percent in large metropolitan areas such as San Francisco and Los Angeles were union members.¹²

Fogel did not mention the Sacramento metropolitan area, although it would be reasonable to surmise that with the area’s close proximity to San Francisco the percentage of food store employees being unionized would be very similar. This conjecture can be supported by the fact that whatever had been agreed upon between the employers and labor unions in San Francisco would generally be agreed to between the employers and labor unions in Sacramento.

The above discussion described how the unionization of supermarkets was accomplished by dealing directly with employers through coercion rather than by enrolling employees; in other words, compulsory rather than voluntary means. This method was not always used. During World War II, the Retail Clerks’ Union tried to persuade store employees to join the union by delineating the benefits of membership and by comparing organized labor with patriotism and democracy. The 1945 booklet “Thousands of People Like You” summarized the improved working conditions and wages which the 42 affiliated local unions gained for their members and encouraged employees to fill out and send an enclosed card to the local union’s office for further discussion. In sum, the local unions had hoped to unionize employees by building support and consensus at the rank and file level and then by helping them organize.¹³
The local unions in Sacramento and Northern California began abandoning this approach during the late 1940s when voluntary enrollment achieved mixed results. It was not uncommon in Chinese American supermarkets, for example, for some employees to sign up with the Retail Clerks and Meat Cutters Unions while others did not. In the 1940s and early 1950s, employees were sometimes paid the same wages whether they were union members or not. From the Chinese American employees’ point of view, joining the labor unions meant paying monthly dues—an added expense—to something that they did not fully comprehend or were suspicious towards. At the same time, the local unions themselves in Sacramento and Northern California, especially the Retail Clerks’ Union, were still organizing. As they gathered memberships and alliances, the local unions’ increasing solidarity and strength induced employers to deal with them. They were then able to negotiate wage rates, labor rules, and benefits for their members. These gains included a guaranteed work week; reduction of working hours; guaranteed overtime pay; sick leave pay; seniority provisions; holidays day off with pay or premium pay for holiday work; guaranteed vacations with pay; pro rata vacation pay; choice of vacation period; and wage increases. It was apparent that Chinese American employees soon saw the advantages in being a union member.

In the competitive Northern California market, all supermarkets and grocery stores under union contract had the same provisions until after the late 1970s. Because of the recessions and downturn in business during the decade, small local independent operators appealed to the labor union to provide for some modification in employee classification, work rules, and wages. It basically involved an additional classification of employee doing similar work at a reduced wage rate and an overall small reduction in wage rate compared to the rate for larger companies. The large national companies and successful local independent companies were not party to the special agreements.
The union concessions were to provide a little competitiveness for struggling companies, including Jumbo Markets. From about 1980 thereafter, there continued to be many union contracts between different supermarkets and the unions, making for minor disparities among union members of different companies.¹⁵

**Union Wages and Labor Cost**

As mentioned earlier, labor cost has always been a significant operating cost in the supermarket industry and the impact of the labor unions on wages relative to other wages in retail trade was substantial. Fogel found that the average hourly wages in California food stores relative to wages in all of retail trade increased by 36 percent from 1941 to 1962. The increase in wages was sustained by a concomitant increase in the productivity of labor and technology in the food stores, not because there was a high demand for labor or a “permissive wage environment,” both of which did not occurred. In addition, the non-wage forms of compensation, or benefits, cost the employer approximately $0.80 for each hour worked by the employee. This rate was set in 1964 when the average hourly wage rate for a grocery store employee, including retail clerks and meat cutters, was approximately $3.00; the former earning a little less, the latter a little more. The total wage and benefit compensation represented about 11 percent of the expense as a percentage of the sales, depending, of course, on the amount of the sales volume and the number of man-hours worked. The novelty and scale of the non-wage compensation provided in contracts with the California Retail Clerks and Meat Cutters in California were well known in the retail food industry. An agreement included a health care package with comprehensive hospital and medical care, prescribed drugs, preventive medical diagnosis, dental care, free eyeglasses, and psychiatric treatment. These benefits were provided not only to employees but also covered their
spouses and children. The cost of these benefits were completely paid for by the employers, with the exception of drug and dental benefits where employees may pay up to one quarter of the cost. It was not so much the rising wages that store management resented but the expanding coverage and rising costs of the fringe benefits demanded by the labor unions. In the early 1950s, for example, fringe benefits cost fifty to sixty cents an hour. By the end of the decade the cost rose to a dollar an hour. Finally, there was the pension fund for the employee that was also completely paid for by the employer.\textsuperscript{16}

The high compensation in California could be explained by several factors. First, competition from nonunion operations was negligible, especially in large metropolitan areas where almost all retail food stores were unionized. New supermarkets were not able to avoid the labor unions, eliminating the competitive restraint which nonunion stores could use in holding down labor cost. Second, labor cost, although high in itself, represented a relatively small proportion of the sale price of products, about 11 percent for most companies. A given percentage increase in labor cost resulted in a much smaller percentage increase in the sale price of products and total expense on sales volume. Furthermore, increased sales volume due to a growing population helped offset the impact of increased labor cost. Third, labor saving technology had been maximized, making the demand for labor inflexible. Labor unions had been resourceful in exploiting the favorable labor demand. Fourth, the unions' bargaining power was great in local competitive markets where shoppers could not go to other locales, such as other states with nonunion supermarkets, to purchase groceries. Being insulated, the labor unions were able to set compensation policies that were unaffected by markets elsewhere.\textsuperscript{17}

High wages can be overcome by increased productivity. However, the unions' rules and regulations tended to inhibit productivity and service, restricting the most
efficient and economic utilization of labor, innovations, and new technology. In general, labor rules limited the ability of management to set store hours in accordance with the demands of the customers; forced the employment of personnel when not needed and prevented their employment when needed; required the employment of skilled workers to do unskilled work; and prohibited the use of vendors to stock the shelves.¹⁸

**Labor Rules**

Labor rules in the supermarket industry were based on the classification of employees and applied to specific departments. Invariably, union members tried to maintain their jobs and numbers rather than allowing for flexibility and changes. The concept that a particular classification of employees "owns" a particular job was well established in the supermarket industry. This "ownership" implied that unionized employees have the complete right to do any and all of the work under that union's jurisdiction, regardless of whether it was the most efficient way to perform the work, of the cost, of new or changing technologies, or of local practices.¹⁹

In the grocery department, this restrictive concept was called the "clerks' work" clause, giving members of the Retail Clerks' Union the exclusive right to do all non-meat department work performed in the store. An important aspect of this clause was the prohibition in the use of vendors in stocking the shelves except for specified instances; for example, vendors who stock bread or housewares, or when a company opens a new store or remodels a store. This clause would basically provide a labor cost advantage for nonunion supermarkets. However, in areas whose supermarkets were completely or almost completely unionized, the vendor restriction clause appeared not to be so onerous. But there were some deviations in enforcement.²⁰
Even in areas where all supermarkets were unionized, the enforcing of the contracts could vary or the provisions of their contracts in regard to the work clause could be different. It was not uncommon to find that the clerks' work clause enforced in one store and not in another despite its existence for both operations. The situation seemed to have depended upon the union's local business agent, district manager, and other personnel, or possibly under-the-table relationships. There was definitely a tendency for more rigid enforcement by the Retail Clerks' Union with the larger, more established supermarkets and a tendency to overlook violations on the part of smaller stores or chains. Strong personal relations between union business agents and store management of small companies certainly made contract enforcement difficult. This tended to help the small store to stay in business but put the larger companies at a distinct cost disadvantage. This discrepancy in enforcement appeared to have taken place in Sacramento and Northern California during the early development of supermarket industry, especially among Chinese American supermarkets where success depended on large part to their operators' "cultivated relationships" with partners, employees, wholesalers, and customers. Thus, it would not seem improbable that Chinese American operators and labor union officials cultivated a symbiotic relationship because strict enforcement of labor rules may threaten the solvency of the supermarkets leading to the decline in the number of due-paying union members. By the late 1960s and early 1970s, the enforcement of labor rules became more uniform and strict as the personnel in both the supermarkets and unions became less personal and more professional towards each other.

A crucial factor in the efficient utilization of labor in supermarkets was the optimal scheduling of labor and the optimal labor mix at the customer checkout operation. In other words, management sought to balance the labor cost needed at the checkout
counter with the amount of time that he thought customers were willing to wait to be serviced. If customers waited too long, they got impatient or dissatisfied and would possibly shop elsewhere the next time they needed groceries. In order to achieve an efficient checkout operation, management needed to have scheduling flexibility with all the employees, especially during peak periods of customer shopping. Union contract provisions restrict many of the management’s options such changing work schedules after they were posted and using split-shift and split-days schedules.22

One of the ways management could get around scheduling rules was to use part-time employees to alleviate concentrated customer shopping periods. But that involved problems and restrictions too. The scheduling of part-timers had to be posted early along with regular full-time employees. Any changes to their hours had to be done with their permission and they had to be guaranteed at least four hours if they were called in to work. Part-time employees were not permitted to work beyond a certain number of hours a week—for example, thirty-two hours—or they automatically became full-time and were guaranteed forty hours’ pay. This clause made it expensive for a supermarket to assign a part-time employee extra hours when another employee called in sick. Part-time employees had to join the Retail Clerks’ Union as a condition of employment and they received the same wages and benefits as full-time employees, plus a ten-cent per hour premium. For their part, they were required to pay full dues and initiation fees to the union.23

In the meat department, the labor rules contracted by the Amalgamated Meat Cutters and Butchers Workmen Union were similar in some ways to the Retail Clerks’ Union and more severe in others. Whereas the Retail Clerks placed many restrictions on the use of part-time employees, the Meat Cutters eliminated their use in California. Labor rules were most severe in the rules regarding job ownership. Many tasks that could be done
at a central location or processing plant—such as cutting, preparing, packaging, and pricing—had to be performed in the store by specified personnel. The make-work provisions assigned specific duties to head meat cutters, journeymen meat cutters, apprentice meat cutters, and weighers and wrappers. The last group comprised of unskilled employees, often women who weighed and wrapped meat, and, depending upon type of meat service the store provided, sold meat over the counter. Contracts required much unskilled work to be performed by the journeyman or apprentice meat cutter; tasks such as cleaning knives, wiping bone dusts from meat, sweeping the floor of the meat department, stacking frozen products into freezers, and placing fresh cuts of meat into meat display cases.

The Meat Cutters Union had stricter scheduling rules than the Retail Clerks’ Union. A typical contract, for example, required that a journeyman meat cutter be on duty at all times when the meat department was open. This provision was particularly onerous for store management because of the progress made in precutting meats to appropriate customer size and putting them on display well in advance of the appearance of customers. Having a journeyman meat cutter on duty was costly when business was not heavy during certain times of the day and when the task of selling meat on display could be performed by unskilled employees. Until the late 1960s, supermarkets and grocery stores in Sacramento and Northern California could not even sell fresh meat on Sundays or after 6:00 p.m. because of local ordinances campaigned for by the Meat Cutters Union.

Northrup’s critical analyses of the union’s labor rules on supermarket operations were premised on the need for flexibility and rapid adaptation arising from customer demands. In highly competitive local markets, demands vary greatly both within the day and the week. Northrup argued that union policies appeared to be inflexible and
obstructive to change. As both the labor unions and retail food industry developed, the former have been very successful in instituting restrictions on management’s ability to operate flexibly or adapt to change. One of the key reasons for the rise and success of Chinese American supermarkets was their ability to circumvent many of the unions’ rules, gaining for themselves flexible labor practices and lower labor cost when compared to their competitors. It was the unique composition of their personnel that rendered these advantages; the partners upon whom union rules could not be strictly enforced and the immigrant workers who maintained a sense of obligation to their employers, solidarity among themselves, and suspicion towards outsiders, including union representatives.

The unions eventually became the agents that provided social welfare for unionized employees. The postwar progress of labor unions involving consolidation of power, organization of structure, and merging of locals helped them to recruit new members and provide better services for members. Most employees of food stores did not rise to management and the unions felt that their mission was to protect and provide for them in addition to negotiating higher wages. Hence, the restrictive labor rules and the increasing quantity and quality of non-wage compensation or benefits. As Chinese American employees became more financially secure and more Americanized, they felt less obligated towards their employers and came to regard the unions as providers of social welfare, guardians of job security, and protectors against job abuse. They became less tolerant of working long hours without uncompensated and violations in paycheck kickbacks.

In Northrup’s opinion, the impact of the unions on supermarkets was detrimental. He maintained that unions forced “management to employ additional manpower, to reduce productivity, or otherwise to interfere with the most economic utilization of labor and equipment.” He premised his argument on direct competition against unionized
supermarkets by nonunion operations. But in areas where there was nearly complete unionization of operations, like in Sacramento and Northern California, unionization can be viewed as forcing upon the competing food retailers a level playing field in terms of labor. Nearly every operation eventually had to compete by the same labor rules. The owners of Chinese American supermarkets cannot assert that onerous labor cost due to the unionization of store employees and the enforcement of labor rules was a significant factor in the decline of their competitiveness and profitability. Other factors were more important in contributing to their passing.

Cheap Labor and Employees

As discussed earlier, Chinese American operators were able to sell their merchandise at lower prices than their competitors and still make a profit because they had lower labor costs or cheap labor. In their early supermarkets, nearly all of the personnel were partners willing to work long hours every day of the week while drawing small salaries in order to keep labor cost to a minimum. When these and later supermarkets started employing wage-earning personnel, their means in keeping labor cost low were questionable in regards to rules agreed upon with labor unions. Although not unknown to competitors or labor union officials, cheap labor often resulted from various surreptitious practices even though the operators had agreed to operate under the same labor union contract as their competitors. One strategy was contingent on the personnel who acquiesced to their employers’ expectations to work extra hours or a day without pay in violation of union labor rules. Employers did not explicitly demand it and not all of the personnel were involved in this scheme. It depended upon manager-employee relationships and conditions of employment. Essentially, the practice affected immigrant employees, especially recent arrivals related to the employers to whom they
were beholden for their immigration and employment. On the other hand, non-Chinese American employees and usually American-born Chinese were not expected to work without pay, "off-the-clock," or "free-time." 26 Supermarket labor costs, therefore, were reduced more than they would have been under union labor rules, resulting in higher profits than there would have been otherwise.

Other practices involved forms of kickbacks, some on the borderline of justifiable while others outright unscrupulous. After cashing their weekly paychecks in the store, some employees returned a portion of their union scale earnings to their employers to recompense for their room and board. The amount varied from store to store and from employee to employee. Again, this practice took place in agreement between employer-employee for conditions of employment.27 In a more sophisticated form of kickback, some employers handed out two paychecks to their employees, one in accord with union wage compensation, the other a lower amount. The employee immediately signed both checks and turned them over to the store, but received cash only for the lower amount. The other check remained in the possession of the store management who would produce evidence of proper compensation to union representatives conducting audits.28

It was during the 1930s, 1940s, and 1950s that some of the newer employees hesitated to join the labor unions immediately upon employment. Because these employees were not union members, employers did not disburse payments into the union trust fund for their health and welfare benefits. Obviously it was to the employers' interest not to encourage their new employees to join the labor unions immediately or any time afterward, saving them from paying the benefits premium. Aware of this activity, labor union representatives would occasionally conduct unscheduled inspections to catch non-union personnel at work.29 After an employee became a union
member, an employer would even sometimes try to reduce labor cost by shortchanging the amount the store was required to pay into the employee's retirement trust fund. Specifically, for every hour an employee worked a fixed amount was paid but the employer would report fewer hours than actually worked. This activity continued until the labor unions tightened up their auditing practices, matching the hours worked annually with amount deposited and reporting the result to the employee. Often it was only when employees retired that they discovered that they had been shortchanged during their early years of employment.30

The clandestine labor practices project an ignominious side of Chinese cultural and familial solidarity, more renown for benevolence and benefits and often used to explain Chinese American economic success. It could be argued that what was celebrated and what was reality were incongruent. From a contemporary perspective, what happened was exploitive. But in the larger context of available opportunities, suitable qualifications, and comparative compensations for other types of employment at the time, supermarket work was acceptable if not desirable, especially for immigrant employees. It was unlikely that new employees, immigrant or American-born, took a job without knowing what was expected from them. They usually gained employment by referral from someone they knew working in the same supermarket. Furthermore, work conditions were steadily improving because of developments in the supermarket business and advancements of the labor unions. In regards to the employees' day-to-day work, supervision and task seemed to be less exacting and demanding than in non-Chinese American supermarkets. But it was a trade-off. Chinese American employees worked under less supervision but their productivity was higher because of the longer work hours.31
Labor union officials knew about these furtive activities but generally did not make earnest attempts to put an end to them even though the supermarkets were legally bound to operate under union labor rules. These activities, however, were not exclusive to Chinese American supermarkets. Other supermarket operations were known to do the same. To what degree the various supermarkets violated union labor rules has never been documented let alone accurately determined. Seasoned people in the retail food industry knew what went on. Independent single-store operations appeared to have been a bit less of worthwhile targets than national chain-store operations for union officials in their enforcement of labor contract rules. Union officials, for instance, tended to look the other way when it came to Chinese American supermarkets of the first generation. The lackadaisical demeanor of union officials helped Chinese American supermarkets to achieve their high competitiveness and profitability, but that did not mean that there were not any legal actions brought against the supermarkets for violating labor rules. The 1954 litigation against Yuba Market was a prime example. By 1970, gross infractions of union labor rules were rare exceptions among Chinese American supermarkets, especially among the second generation, and the low-cost labor advantage over non-Chinese American competitors had been largely erased.32
CHAPTER 9

STUDIES IN CHINESE MANAGEMENT

The narratives and analyses in the previous chapters strongly support the argument that the fortunes of grocery stores and supermarkets depended primarily on management. The mode of operation in the face of competition and changes in the retail food industry was the prerogative of management. Studies analyzing the management of Chinese enterprises are not many. They tend to focus on cultural attributes that helped the Chinese in America and Asia endure and gain the advantage in a competitive environment. This chapter will outline aspects of some of these studies and how their theories apply in the history of Chinese American grocery store and supermarket operators.

In America

In "Asian American Socioeconomic Achievement, the Strength of the Family Bond," Victor Nee and Herbert Wong examined the structural and cultural factors that facilitated Chinese and Japanese socioeconomic achievement. They argued that the Chinese were slow to make the transition from sojourner to immigrant because of the political and economic structures of the host society and the cultural characteristics of Chinese society prior to World War II. It was not until Chinese immigrants formed families from which members provided labor for family-run businesses that they achieved economic success. Prior to the social transformation, the Chinese were mostly confined
to an enclave economy whose small businesses were largely in noncompetitive sectors of the urban economy.¹

Nee and Wong stated that cheap labor provided by family members of households allowed ethnic businesses to be competitive in the dominant society. From 1920 to 1940, the growth of the American-born Chinese population initiated the socioeconomic advancement similar to that of the Japanese Americans in their family enterprises. The second generation grew up in family enterprises, dividing their time between helping out in the family business and attending school. Although the American-born were adaptive to acculturation, many who graduated from high school and college returned to work in family enterprises because of the lack of opportunities for Chinese American in the primary labor market. During and after World War II, new social and economic opportunities opened for Chinese Americans. Immigrant Chinese became eligible for citizenship and Chinese Americans who served in the armed forces could marry and bring wives back from China, further reducing the uneven sex ratio and facilitating the formation of families. While opening up jobs for Chinese Americans, the war stimulated the migration of southern African Americans to California, thereby shifting white anti-Asian sentiments toward the new migrants. The socioeconomic attainment of the Chinese “family society” thus distinctly contrasted with the poverty and low socioeconomic status of the aging “bachelor” sojourners.²

Nee and Wong’s analyses about socioeconomic achievement were correct in regards to Chinatown communities. Expanding the scope of the study to include Northern California would have revealed that a large number of Chinese immigrants were making significant economic gains outside the enclave economy without the assistance of unpaid family labor. As this study reveals, there were family grocery stores but many grocery stores and supermarkets succeeded with the use of immigrant
employees whom, in a sense, were members of a surrogate family. This situation with grocery stores and supermarkets was somewhat analogous to Chinese laundries. Like the latter in the 1920s and 1930s, it was low labor costs that helped the grocers stay solvent. But unlike the laundries that also competed with Euro-American companies, grocery stores and supermarkets prospered, expanded, and eventually dominated their local markets for about thirty years. Both employers and employees achieved middle-class economic status rapidly even though social acceptance did not occur until the war years. Some of this achievement was due to the changing retail food business and the increasing population of which Chinese American took advantage. Thus, narratives in this paper support to a large extent Nee and Wong's theory that stresses the dynamic interaction of cultural and structural factors in realizing socioeconomic achievement.³

The use of unpaid family labor was a crucial factor in another study about Chinese American enterprises. In “The Continuity of Chinese Grocers in Southern California,” Charles Wong stated that the most important condition for the success and continuity of grocery stores was family labor, which in addition to unpaid labor “provided the qualities of conscientiousness, dependability, and flexibility. But it meant that families had to live on or adjacent to the market and that schedules had to meet the exigencies of the family enterprises.” With some modification, Wong’s conclusion paralleled this paper’s narratives about immigrant employees who lived on store premise and worked long hours.⁴ But there were salient differences.

Wong’s study showed that Chinese Americans did not begin making significant inroads into the American grocery business in Southern California until during the war. Their entry was dependent on “three major developments: maturation of the second generation, English language competency, and the weakening of Caucasian and Japanese control of the trade.”⁵ In regards to the first requirement, the labor force for
Chinese American grocery stores in Southern California consisted typically of family labor that was preferable over hired labor because of the qualities mentioned above. Grocery stores did not develop until the maturation of American-born Chinese who provided unpaid labor. Chinese American entrepreneurs in Northern California, on the other hand, took advantage of the "paper son" scheme to sponsor immigrants to work for little or no wages. This cheap labor translated to low-priced groceries, helping Chinese American grocers compete with their Euro-American competitors.

The low prices for merchandise helped ameliorate the shortcomings in English language competency among immigrant personnel. Customers in Northern California were willing to put up with non-English speaking employees in Chinese American grocery stores as long as they were able to purchase merchandise at prices lower than at other grocers. In any case, there was always an owner or at least one partner who was proficient in English to deal with customers, suppliers, and government agencies. Thus, Wong’s assertion that the absolute need for facility in the English in order to cater to non-Chinese clientele was not supported in the history of Chinese American grocers in Northern California.6

The relocation of Japanese Americans to internment camps and the closure of their grocery stores at the start of World War II opened opportunities for Chinese Americans to enter the business at a time when their American-born children was maturing. Up until then, Japanese Americans was the only non-white ethnic group to engage in a large scale the retail food business in Southern California. They had cheap family labor available much earlier than Chinese Americans did and they had a thriving agricultural economy in production and wholesale that they extended to retail trade.7 Wong’s argument that the breaking of Japanese American dominance in local markets thereby enabling Chinese Americans take over was particular to Southern California. In
Northern California the circumstances were different. As discussed earlier, Chinese Americans got their modest but fortuitous start in Colusa in 1920. They also gained a foothold in the grocery business in Sacramento in the 1930s when they were invited to operate meat and produce concessions in the emerging combination grocery stores. They soon opened and operated their own combination grocery stores and supermarkets and expanded rapidly. In contrast, Chinese Americans in Southern California were still relying largely on the local agriculture industry for their livelihood, but were much less noticeable because Japanese Americans had surpassed them.8

After Chinese Americans began operating grocery stores in Southern California, they did not expand into many supermarkets let alone chains like in Northern California. Wong noted that grocery stores prospered during the war but he did not hypothesize why operators did not expand after the war to take advantage of the growing population in new areas. An inquiry into factors such as timing, location, capital, partnership, labor, and unions could help explain this lack of development. During the 1950s, however, Chinese Americans did open more grocery stores, mostly concentrated in the African American community of central Los Angeles and some scattered in East Los Angeles' ethnic neighborhoods. Very few were located in predominately Caucasian neighborhoods. In the 1970s, Chinese Americans continued to operate grocery stores but the neighborhoods have since the mid-1960s become socioeconomically depressed.9

The locating of most grocery stores in African American neighborhoods also occurred in Houston, Texas since post World War II. These Chinese American grocers, many of whom emigrated from the Mississippi delta, specialized in serving the African American population.10 And like their counterparts in Los Angeles, their expansion from
The Asian Model

This section presents an overview of studies that analyzed the organization and management of small and large Chinese businesses in Asia. In "The Institutional Foundations of Chinese Business: The Family Firm in Taiwan," Gary Hamilton and Kao Cheng-Shu make four points. First, personal relationships and social rules are at the heart of Chinese business activity just as westerners regard laws as appropriate in their business environment. But not everyone adheres strictly to rules. Just like many westerners who break, circumvent, or ignore laws, many Chinese do the same with relationships and rules. Most important is that this institutional framework exists, forming the basis for activity and evaluation. Second, businesses of all sizes operate in the same institutional environment and are subject to the same framework of rules and relationships. The ubiquitous family firm, for example, is based on organizing principles that owners regard as legitimate and cannot be ignored if they want to succeed in business or any other activity. Not all Chinese businesses, however, are organized exactly the same way because principles only provide a base from which variations can germinate. Third, "the family firm is not a type of organization doomed to be replaced by more modern organizational types. Instead, in the Chinese context, participants use close relational bonds as organizational principles to create and manage large, modern firms." Thus, the archetype family firm is highly adaptable and flexible in all levels of business activity. Fourth, Hamilton and Kao found that the personal relationships and ensuing networks that they describe in the making of modern Chinese businesses are somewhat "replications of relationships found in traditional China." Of course, what is "tradition"
needs common definition and understanding for those who prescribe to it. Nonetheless, Hamilton and Kao state that “this ‘tradition’ is not merely adaptable to a modern way of life, but may actually remake it, may recreate in its own image what it means to be modern in Asia, and maybe in the rest of the world as well.”

Hamilton and Kao’s findings reflect some of the points made in this study. Relationships were the foundation in starting, capitalizing, and operating Chinese American grocery stores and supermarkets. Similar to the firms that Hamilton and Kao surveyed, ownership of stores was by family members, close relatives, or partners. Starting a business always revolved around a personal decision and an invitation to others to invest in the enterprise. The core enterprise was then followed by opportunistic expansion in the same line of business. The strategy was to start new stores rather than to enlarge the size of the original company. This was one model for business expansion in modern Taiwan, resembling conglomerates, but the pattern was characteristic of the early expansion grocery stores and supermarkets in Northern California where independent operations were linked by common investors or partners.

The stores, like those in Taiwan until recently, had no formal unified management organization to closely supervise and coordinate their operations. Day to day management was in the hands of the owner or partners in each store. In Hamilton and Kao’s study, the lack of a formal structure that characterizes Western companies was compensated by a highly flexible system that rested on networks generated by personal relationships. “In the Chinese context, personal relationships identify role sets that link individuals together and that consist of generally fixed and reciprocal obligations. The important quality of these relationships...is the fact that they are based on reciprocal trust, loyalty, and predictability.” It follows that relationships constitute an owner’s or partner’s personal network that allow him to secure resources and manpower for the
company. In general, the larger and more cohesive the person’s network, the more effective was the person. In their expansion and operation of grocery stores and supermarkets, Lee Gim and his partners exemplified this interpretation. The same was true for Walter Fong in his efforts to run forty Farmer’s Markets and for key partners in other partnerships.

Hamilton and Kao confirm that not only are networks crucial in getting business done, they also overlap around a handful of key persons in the businesses to form an inner circle of people who share the greatest degree of trust and confidence towards each other. The inner circle consists of owners, a few close family members, and often long-time business associates. The closeness of the core group and the separation of businesses and managerial positions strengthen the control of the core owners and their associates and lessen the possibility of a challenge to their dominant position. This exclusiveness and concern for control also render practical consequences. In business groups, each firm keeps a separate account book. These accounts are not integrated into the official accounting system but remain separate, their contents known only to members of the inner circle. Another consequence is that owners are very reluctant to register their firms for public stock offering for fear of losing control and of having to divulge financial information about the business group. The workings in the partnerships of Chinese American grocery stores and supermarkets follow similarly to that of the business groups in Taiwan. Only a few core partners have control of the partnerships and privy to the information in the separate account books. That sometimes led to resentment, jealousy, and mistrust towards them by the lesser partners. Soon the store’s productivity declined, operation stagnated, sales volume fell, and profits shrunk, and eventually the partnership disintegrated along with the business.
In a study of Chinese family firms and Chinese partnerships in Hong Kong and the Philippines in the 1960s and 1970s, Siu-lun Wong exposed their shortcomings in "The Chinese Family Firm, a Model." Wong first established that the family firm is a major form of Chinese business organization that is not restricted to a particular locale or a specific economic enterprise. He then pointed out that when the family as a unit controls the capital, the growth of the enterprise would be hindered. In other words, there seems to be a limit to the growth of the family business "beyond a certain point." There are two explanations for this restraint. First, there are only so many competent family members to occupy managerial positions to preserve familial trust, loyalty, and control. Second, the family is intrinsically conservative in its financial policy because it is specially wary of external interference or takeover. Consequently, the ambition for the growth is "diluted or absent." On the other hand, the objectives are to avoid the use of credit, to make the highest profit possible on a given turnover, to amortize capitalization debt as rapidly as possible, to build up sizable reserves, and to finance any expansion from the reserves.15

Despite the apparent concern with "conservation and consolidation," Chinese family enterprises in this form are not long lasting. Conventional wisdom alleges that family firms seldom last three generations because of the practice of equal distribution of assets to male heirs and the nearly certain appearance of the proverbial prodigal son, both of which arrest resource growth and entrepreneurial ambition. But there are exceptions to this generalization that family firms tend to be limited in development and permanence. There are some family firms in China, Hong Kong, Southeast Asia, and elsewhere that have been engaged in manufacturing, banking, retailing, mining, and so forth for decades and are still in business. And some family firms also take advantage of external financing when conditions are favorable; for instance, Hong Kong family firms in textile manufacturing have a high portion of their capital in the form of bank loans.16
To support his argument that family firms in general are short-lived, Wong detailed the four phases of evolution of the Chinese family firm: emergence, centralization, segmentation, and disintegration. In sum, new businesses often emerge by the way of partnerships but mistrust and factions offer opportunities to partners with strong positions to increase their control and interest, resulting in family firms. Decision-making in the family firm soon becomes centralized in the hands of the family’s head entrepreneur who delegates a low degree of responsibility to subordinates. After the family grows in size through marriage and family formation, subsequent distribution to heirs causes segmentation of resources and responsibilities. If a strong leader does not rise to centralize again, the family firm becomes enervated as individual shareholders pursue divergent interests. Emotional and economic ties become increasingly distant and diminished, causing shareholders to seek the disintegration of the family firm for immediate, tangible gains.\(^{17}\) The narratives of some Chinese American family-owned grocery stores and supermarkets bear striking parallels with Wong’s description of the evolution of the Chinese family firm. The period immediately before the passing of the founding entrepreneur usually marked the pinnacle of the company’s success, followed by a decline in vigor and prosperity unless a strong leader and organization were in place to ensure continuity.

Based on the studies above and the history of Chinese American grocery stores and supermarkets, it is safe to assume that the organization and management of earlier enterprises by their immigrant owners were grounded on the traditional model with some adaptations to fit within the American socioeconomic structure. As such, salient features of the traditional model deserve a final review. In “The Organizational Structure of the Traditional Chinese Firm and its Modern Form,” Wellington Chan identified the ownership of the traditional firm as either in proprietorship or partnership. If an individual owned the
firm, the proprietor would manage it himself or hire an experienced manager to run it. If a partnership owned the firm, the number of partners and the size of the capital contribution of each varied widely. One or more of the partners who contributed smaller amounts would usually serve as manager; otherwise, a manager would be hired. The manager had complete authority over the business. As such, he hired assistants and selected and supervised apprentices. Minority partners might recommend their friends or kinsmen for employment but did so only with the manager's consent.18

In operation the business was opened for long hours, fourteen hours or more each day. There were few holidays, only for major Chinese festivals. There was only but one work shift and all clerks worked demanding long hours. Partly because of these long hours, but more because the managers expected total loyalty and dedication from the staff, practically everyone except the senior personnel roomed and boarded in the stores. This practice was facilitated by the custom of hiring only those who came from the same county or village as the owners and managers. New apprentices or employees had no formal training. They learned by observation and by task assignments.19

Chan argued that the traditional Chinese firm remained fairly constant in its organizational layout in the early to mid-twentieth century in China and Hong Kong. Innovations tended to be the area of strategy, allowing firms to achieve considerable growth but the structure stayed within the confines of tradition. Ownership and management, for example, continued to be highly personalized, exposing the firm to vulnerability when the firm's patriarch passes away or is no longer in command. Whereas the few firms that adopted Western organizational models—such as professional managers, an administrative structure, employee training, public stock offering for capital, and so forth—continued to grow and prosper.20 The success of these firms brings
to mind the organization and management of the early Chinese American supermarkets and Bel Air Markets. The results speak for themselves.
By the early 1980s the dominance of Chinese American owned supermarkets and supermarket chains in Northern California had effectively ended. The national chain companies and a large local independent company garnered the largest share of the market and continued to expand with their superstores, not supermarkets. The early small supermarkets, Famous Food Stores, Farmer's Markets, and Giant Food Stores went out of business. Their passing was humbling to say the least. With sales volume and profits stagnant or on the decline, the shareholders of Jumbo Markets were closing and selling their stores, the last sold in 1996. In 1992 the Wongs sold their Bel Air Markets and most of their ancillary operations. Among all the Chinese American operators, only the Wongs got out of the business while their stores were in ascension and prosperous. Among all the Chinese American supermarkets in this study, only Chung Sun Market in Colusa and a Dicks' Market in Sunnyvale remain. The first is doing adequate business, the second very marginal. Both hold on primarily because the families own the store real estate and equipment and family members continue to work. There are a few other single-supermarket operations run by Chinese Americans in Northern California. They purchased the stores, which tend to be early or mid-1980s vintage in size and equipment and located in old neighborhoods, from the companies mentioned above and from other local independents as well as national companies. As such, they are not competitive against the 60-70,000 square feet superstores in new shopping centers in

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burgeoning neighborhoods and suburbia. They eked out a profit by catering to local niche markets, generally grossing $70,000 to $150,000 a week in sales volume compared to the $400,000 to $700,000 of the superstores. The superstores of three national chain companies—Lucky’s, Albertson’s and Safeway—and one local independent company—Raley’s—account for about seventy-five percent of the market share in the Sacramento metropolitan area in the 1990s.¹

Why did not Chinese American operators maintain their dominance or at least continue operating supermarkets? Basically, they never had plans to keep operating supermarkets. They entered the business to make as much money as quickly as possible with little or no thought to building retail trade supremacy. When they dominated in the grocery business from post World War II to the 1960s, it was accidental rather than by design. The operators regarded supermarkets as a means for attaining financial security and prosperity. Most of them did not want to invest any more capital into their supermarkets than necessary after commencing operation. They remodeled their stores only to maintain profitability, not to keep up with industry trends to increase competitiveness. This was evident in the leveling off of weekly sales volume after the first year of business. Similarly, opening additional stores offered better prospects for increasing revenues than committing to long-term improvement of existing stores to build up sales volume that may have already reached its potential in the local market.

This criticism is not an indictment for failure. On the contrary, the operators did what they set out to do and did it successfully. They made their money and quit. When studying entrepreneurship in America it is natural to assume that entrepreneurs would want to continue expanding until they sold their enterprises to other business venturers or pass them down to their heirs to carry on. This line of thought is based on linear progress. In other words, the means becomes the end in itself and expansion and change
measure the means. For Chinese Americans, money was the end and proprietorship was the means to the end. Proprietorship helped them obtain money for the comforts of life and for measuring their status in their community. In contrast, national chain supermarkets stayed in business largely in part to support company executives who placed salaries, personal prestige, and power above the profits for public shareholders.²

When Chinese Americans first entered the grocery business, they were interested only in making a living and improving their economic status. They wanted something to call their own and to support a family because it was difficult to get ahead working for somebody else. They did not think too much about risk or failure, only believing optimistically that with hard work they would succeed. They did not envision themselves building their small grocery stores into big supermarkets let alone chain operations. Later they realized that with hard work and expansion they could achieve greater prosperity but to achieve competitiveness for competitiveness sake was not on their minds.³ For the Wong family of Bel Air Markets, however, competitiveness was the end. They liked what they were doing, hence, Bel Air Markets' continual development and growth until the Wongs sold their operation. If there was any shortcoming in operating supermarkets, it was that most owners, partners, or shareholders did not give much thought to how they were going to end their proprietorship, only knowing that they would not be involved with them. This lack of long-term strategy along with conservatism was characteristic of the way most Chinese Americans ran their stores.

During the 1940s to 1960s, Chinese American operators regarded operating supermarkets very demanding, nevertheless the hard work was rewarding compared to most other low-startup-cost enterprises such as meat markets, produces stores, restaurants, and laundries. But as the supermarket business developed, everything got increasingly expensive. By the 1970s the operators figured that the cost of capitalization
for a new supermarket or remodeling an old supermarket outweighed the potential returns in the short term. Owners, partners, and shareholders were accustomed to the quick returns on their investments. They wanted returns that were similar to those that they received in the earlier years of operating supermarkets. Because they were unwilling to change their basic mode of operation and to invest more resources, they lost much of their market share to more progressive operators, mostly the national chain companies. The latter capitalized on the window of opportunity that opened after the 1975 recession and the housing boom during the second half of the 1970s. Before the competitive pressures fell upon the second generation of supermarket operators, the first generation of operators lost their market share and quit for similar reasons, only their new competitors were their former apprentices. Both generations of operators also quit for personal reasons. They were getting old in age and did not have the energy or desire to continue. As mentioned earlier, they felt that they had worked hard and made their money, therefore it was time to retire.

The entry of Chinese Americans into the grocery business in Northern California could be traced back to two sources, Lee Gim's 1920 fortuitous start in Chung Sun Market in Colusa and the invitation to Chinese Americans to operate meat and produce concessions in combination markets in Sacramento in the 1930s. In other locales such as Southern California and Houston, Texas, Chinese Americans did not establish a strong presence in the grocery business until World War II when they took over the grocery stores that Japanese Americans were forced to abandon. Even so, only the Chinese Americans in Northern California expanded their small grocery stores into single-store supermarkets and multi-store or chain supermarket operations and became dominant competitors from postwar to the mid-1970s. The majority of grocery store owners, however, did not expand into supermarkets. While some of them were content simply to
make enough money to be comfortable and secure, others who wanted to expand did
not have the capital, labor, and expertise to do so. Many grocery store owners just
barely got by with an adequate amount of business. The number of Chinese American
owned grocery stores has been decreasing since the 1960s due to closure or sale to
other operators.

Most Chinese American operators who expanded their grocery stores to
supermarkets never operated more than one or two of the latter. Assuming that there
was ownership or partnership harmony, they were either content with their small
operation or they did not have the business and resources to expand further. If owners or
partners had the resources to remodel or expand, they weighed the work and time that
would be necessary to recapture their investment and to realize their profits. It was a
commitment that was not worthwhile when they had already secured their financial
future, and a risk that was not sound when they were no longer young and energetic
and competition was increasing. Some supermarkets closed within a few years after
opening because business was not good. The owners had chosen locations without
potential, or locations with potential but it was too early to generate enough profits to
meet the expenses. In other words, the local markets had not developed enough to
support the supermarkets.

A Wholesaler and Cheap Labor

Lee Gim's entrepreneurship depended upon two factors to succeed. The first
was the willingness of the Arata Brothers Wholesale Grocery (Valley Wholesale Grocery)
to sell him merchandise so that Lee could stock his store. Other wholesaler grocery
companies were not willing to sell to Lee, possibly because they harbored racial
prejudice or were in collusion with their regular customers to keep newcomers out of the

business. Credit was not an issue because Lee dealt in cash. This situation would persist for Lee and subsequent Chinese American grocers until the mid-1950s when their dominance could not be ignored any longer and the wholesale grocery companies began courting their business. But for decades it was only the Arato Brothers (Valley) that sold and gave credit to Chinese Americans. In other words, Arato Brothers (Valley) was the vital linchpin that helped the founding and growth of Chinese American grocery stores and supermarkets during a propitious period of industry development and population growth.

The other factor that helped Lee and others succeed was cheap labor. To reiterate, cheap labor helped to lower prices on merchandise. The low prices attracted shoppers, resulting in high sales volumes and good profits for their stores. Cheap labor was achieved in two ways. When partners made up the majority or all of the store personnel, they worked willingly for long hours to minimize labor costs while maximizing the profits. It was natural that they did it because they were working for themselves. When partners were not the majority of the store personnel, in particular when they were only investing in new stores, hiring cheap help was the other method.

From the 1930s to the 1950s, Chinese American operators attained low labor cost by employing mostly immigrant employees who by tacit agreement with their employers acquiesced to work long hours. From a contemporary perspective, the practice appears to have been exploitive but there were several facets about cheap labor that need to be put into context. For recent- and previous-arrival immigrants with limited work skills and English proficiency, working in a grocery store or supermarket was much more desirable than other principal places for employment such as restaurants, laundries, and farms because the compensation and work conditions were better. Even American-born and educated Chinese Americans could not find very many jobs in the
mainstream economy that were superior due to lingering racial discrimination. In the early years, employers worked the same long hours alongside with their employees which ameliorated the latter’s sense of being taken advantage of by the former. There was no concept of overtime; all work was the same and work continued until completed. In addition, the traditional rooming and boarding of employees increased the employers’ and employees’ sense of mutual responsibility and ethnic solidarity, as did the hiring of kin and friends from the same or nearby villages in the old country. When employers sponsored relatives for immigration and hired them to work in their stores to repay the costs, this scheme also reinforced obligation and solidarity. In a way, the employees were the alternative to dependable family members found in family-run grocery stores and supermarkets, providing cheap if not free labor. But these sentiments and relations gradually eroded as the retail food industry developed, organized labor strengthened, and the socioeconomic status of employees changed, bringing an end to cheap labor.

Finally, the use of cheap labor was not new. During the later half of the nineteenth century and early twentieth century, Chinese Americans have been willing to work at a lower wage rate than most other workers, much to the vexation of Euro-American counterparts. This occurred in mining, railroad building, manufacturing, reclamation, agriculture, and other labor-intensive industries. When contracting labor and jobs were difficult to obtain because of competition from newer immigration groups willing to work for even lower wages, Chinese Americans resorted to self-employed cheap labor by operating enterprises such as truck farms, restaurants, and laundries that sold products and services. Naturally, remuneration from a successful enterprise was much better than working for someone else. As mentioned earlier, vegetable and meat markets developed into grocery stores and later grocery stores into supermarkets. The
pattern of cheap labor continued in the grocery industry until the labor unions persuaded employees to enroll and coerced employers to sign agreements, bringing labor cost parity to almost all operations.

Management

Management was the principal factor in the continued success or decline of Chinese American supermarkets. During the early years of the industry's development, supermarket management and operation was relatively simple. Because nearly all supermarkets were about the same in size and inventory, Chinese American operations could outsell as well as outlast their competitors because of their cheap, flexible labor. Their advantage was not without an alleged shortcoming. Management often complained heavily that many of their Chinese American employees, especially immigrants, tended to be lackadaisical and leisurely in performing tasks. This criticism, however, was counterbalanced by complaints from employees who accused management to be weak and loose in supervision, exemplified by the lack of training. As indicated in the previous chapter, many aspects of management could be traced back to traditional business practices in China.

Whatever weaknesses and deficiencies found in management and among employee in the early supermarkets, the high sales volume mitigated them. As long as the owners made their good profits and employees received regularly their paychecks, everything was fine. A strong leader, who was usually the founder of a family enterprise or the primary partner of a partnership, also helped keep things running smoothly by providing store direction and adjudicating personnel differences. Problems arose when sales volume declined due to increased competition and the strong leader abdicated his authority, retired from left the business, or passed away. Subsequently, management
became directionless and bickering and self-interest surfaced among partners and employees, consuming the business.⁶

These underlying problems revealed other weakness in ownership or management of the early Chinese American supermarkets. As mentioned earlier, owners or partners tended to take their profits out rather than to reinvest into the operations to maintain competitiveness. In partnerships, planning was generally by consensus but after the departure of the strong leader, it became paralyzed. It was not unusual to find mistrust and jealousy among partners that not only arrested progress but also encumbered operations. Similarly, partners generally did not want to delegate authority to help them manage their stores, each guarding whatever small control he had. The significance of these criticisms is that the owners or partners could have had an easier time selling their stores if their operations were sound and prosperous rather than weak and failing.⁷

Whereas the success of the early supermarkets was dependent primarily upon the strong leader, the success of the later supermarkets that expanded into chain operations was dependent on an effective administrative organization. It was imperative that the owners or partners support their management organization completely with resources and trust for it to be effective. But owners and partners found it difficult to make the commitment. The earlier supermarkets needed only a minimal investment to gain a maximum return in a short time, but subsequent supermarkets encountered a reversed situation with much more costs and risks because of the rapid changes in the retail food industry and economy. Hence, committing resources to remain competitive was often done halfheartedly. And like their predecessors in the early supermarkets, the owners and partners of the later supermarkets had made their money and were willing to move on to other business ventures, if not ready to retire.

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The earlier style of management found in family enterprises or partnerships was not suitable for larger, more complex operations. Managing a family or partnership operation with one, two, or three stores by “rule of thumb” worked adequately but once there were more than three stores, the operation needed a qualified management organization to assume a division of responsibilities. Policy and direction could be reached by the partners’ or shareholders’ consensus but efficacy required decisions and directives by those who were in expertise. Otherwise, small mistakes could be compounded to a point where losses cannot be recovered, possibly devastating to the entire company. Unfortunately, regardless whether qualified or experienced, some partners wanted to micromanage particular operations of the company without consideration or coordination to other operations. It became a recipe for failure, causing the company operation to become uncoordinated and out of control. Some owners or partners understood their need for expert help and organization but unwittingly or carelessly placed their confidence on unqualified administrators and managers who ran their operations to ruin.

Bel Air Markets

As mentioned earlier, among all the Chinese American operators only the Wongs of Bel Air Markets got out of the business while their stores were in ascension and prosperous. As an operation committed to quality, the Wongs liked the challenge of operating and improving their supermarkets. Their concern was to make their stores better than their competitors. By reinvesting their revenues, they stayed in the forefront in innovation, installing in new equipment, offering new services, and remodeling old stores. They were also willing to take risks, investing money and time in new ventures. They sometimes failed but got back on their feet and tried again. "There is no reward without
risk,” Bill Wong said. The Wongs possessed qualities that made other Chinese American operators successful—timing, luck, and hard work—but they also had a competitive drive that pushed them further than the others did. As a result, their Bel Air Markets became the preeminent chain operation in Northern California in the 1980s and early 1990s. The Wong themselves were highly regarded in the local supermarket industry for their business acumen and their concern for their customers, employees, vendors, and suppliers, and in the community for their philanthropy in charities and involvement in civic affairs.

The drive to be competitive was allied with good management, timing, and locations. The Wongs acknowledged the fact that they were not experts in all aspects of an increasingly large and complex operation. They were willing to delegate authority to qualified people and to expend resources to build up an effective organization to help them manage the company. In regards to timing, supermarket trends were often tied to socioeconomic conditions that tended to be ephemeral. In the long-run, however, customers favored full service, selection, and convenience, especially when both spouses of a family are working and have the means but are short on time. The Wongs had consistently offered these features in their Bel Air Markets throughout the vicissitudes of the economy and industry, even at the cost of declining sales volumes and profits.

When family finances improved along with the economy, shoppers preferred shopping at Bel Air Markets, albeit contingent upon a convenient location. The Wong’s benefited from prime locations that were acquired when national companies defaulted on their commitment to occupy new shopping centers during the recession of the late 1970s. From the mid-1980s onward, developers solicited Bel Air Markets to occupy their new prime-location shopping centers in burgeoning neighborhoods because of the Wong’s reputation for operating successful upscale supermarkets. The local markets of these
middle- and upper middle-class neighborhoods were scarcely affected by downturns in the economy. Thus, the combination of competitive attitude, good management, fortunate timing, and prime locations served to place the Wongs in reputable standing in the history of Chinese American grocers.

**Chung Sun Market**

The business-life span of Chung Sun Market appears near its end. The Lee family have lasted this long because they own the physical assets and family members continue to work long hours, thereby keeping their operating costs to a minimum. But the weekly sales will very unlikely increase as their profits continue to shrink. The question becomes whether Lee Gim’s immediate heirs want to keep working so assiduously for modest returns. They are close to retirement, have achieved financial security, and their own children are pursuing other career opportunities. Albeit with up-to-date equipment, the Chung Sun Market is a throwback to supermarkets of the late 1960s in terms of size and little can be done to enlarge the physical structure because of the limitations of the real estate. At best the Lees could maintain a small niche market because industry giants are located at only a twenty-minute drive away, an insignificant distance by today’s standards. In earlier times, local businesses like Chung Sun Market were part of the community identity and customers were loyal. As communities like Colusa become more homogenized, losing their distinctive traits, standardized national chain supermarkets have gained and secured an increasing share of greater markets.

The Lees ought to be proud of their success and longevity of Chung Sun Market. They have fulfilled their purpose to make a comfortable living for themselves and secured a future for their heirs with assets acquired from the profits of the store.
Chung Sun Market remained in business longer than any other Chinese American grocery operation in Northern California. It was the first grocery store to open and it will most likely be the last supermarket to close after over seven decades of continuous family operation. Since opening in 1920, it has outlasted all of the other prominent operations that started in later years. When Chung Sun Market ceases operation, it will be a marked event in the rise, dominance, and passing of Chinese American supermarkets.

Final Words

Chinese American supermarkets hold an important place in history because they were ethnic enterprises selling non-ethnic merchandise in non-enclave markets and prevailing over their competitors for over thirty years. They helped Chinese Americans attain better financial security, moving a step beyond operating or working in restaurants, laundries, and farms where risk and toil were greater. The income from the owning and working the supermarkets provided the resources for both employers and employees to enter middle- and upper-middle class life and their children to have the option to pursue higher education or other career or business opportunities. Socially, these enterprises helped Chinese Americans assimilate into mainstream society. In one way, retail intercourse required social intercourse, helping to erase prejudices and stereotypes held by both Chinese Americans and their customers. In another way, the success of Chinese Americans in a mainstream enterprise exemplified the Horatio Alger model that the majority population valued, thus facilitating the acceptance and respect for the former by the latter group.

It is highly improbable that Chinese Americans or any other ethnic group will become leading competitors in the retail of American groceries in supermarkets again.
The myriad of unique socioeconomic conditions that fostered the rise and dominance of Chinese American supermarkets are very unlikely to be repeated. It is very possible that an ethnic group could seize the opportunities of a nascent industry, riding the wave of development and becoming successful. But the phenomenon of the rise, dominance, and passing of Chinese American supermarkets is relegated to history.
CHAPTER ONE
INTRODUCTION


6 This author has first hand experience and knowledge about the Chinese American grocery and supermarket business. He worked for Jumbo Markets, a Chinese American supermarket chain in the Sacramento area, from 1975 to 1989, as a courtesy clerk, cashier, stock clerk, warehouseman, and head clerk (third person in charge under the manager and assistant manager). While at Jumbo, he was also a shop steward for the Retail Clerks Union Local 588 for a short period.

His late father worked as a “butcher” (nowadays called a meat-cutter) for a few years in General Food Market before becoming a minor partner in Fine Food Market from 1956 to 1966. Fine Food Market was established in 1939, one of the first Chinese American supermarkets, and a member of the Famous Food Stores, a cooperative for advertising and promotional services. While an adolescent, the author worked part-time at Fine Foods Market for two summer. From 1967 to 1975, the author’s father operated Florin Market, a small supermarket about 3,000 square feet in size. The author worked in the neighborhood market during his high school years—after classes, on weekends, and during summers—and during his earlier college years—on weekends and during summers.
CHAPTER 2
SUPERMARKETS


"A supermarket is a departmentalized retail food store having four basic food departments—self-service groceries, meat, produce, and dairy—plus any number of other departments, with the establishment doing a minimum yearly volume of $500,000 (est. 1954)." Charvat, 7.

2 McAusland, 5.

3 McAusland, 18.

4 Charvat, 18.


6 Charvat, 15-17.

7 McAusland, 10, 11, 13.

8 Peak, 16; Cost-effectiveness: producing optimum results for the expenditure.

9 McAusland, 15, 19; MacFadyen, 29-30, 45.

10 McAusland, 22.

11 Charvat, 196-97; The definitions of a supermarket and chain operation varied somewhat, depending on the publication and the period of time.


Supermarket: any store, chain, or independent doing $500,000 or more per year.

Superette: any store doing from $150,000 to $500,000 a year.

Small Store: any store doing less than $150,000 a year.

Independent: an operator of 10 or less retail stores.

Chain: an operator of 11 or more retail stores.

Cooperative Retailers: retailers (generally independents) who are stockholder members of cooperative wholesale buying groups, such as Certified Grocers, Associated Grocers.

Voluntary Group Retailers: retailers who belong to voluntary merchandising groups sponsored by wholesalers and who operate under a common name such as IGA, Red & White, Spartan, Super Valu, Clover Farm.
Supermarket: A complete, departmentalized grocery store with minimum annual sales of $1,000,000.
Chain: A company which operates four or more stores in total. A chain store unit is a store operated by such a company.
Independent: A firm which operates from one to three stores.
Unaffiliated independent: Operator of from one to three stores having no affiliations with any organization and buying entirely from wholesalers or suppliers on an independent basis.
Cooperative: Independent grocers who jointly own and operate their own wholesale organization.
Voluntary: A group of independent grocery stores jointly sponsored by an independent wholesaler.

Supermarket: A supermarket is any full-line, self-service grocery store with sales volume of $2 million or more annually.
Chain: A company which operates eleven or more stores in total. A chain store unit is a store operated by such a company.
Independent: A firm which operates from one to ten stores.
Cooperative: Independent grocers who jointly own and operate their own wholesale organization.
Voluntary: A group of independent grocery stores jointly sponsored by an independent wholesaler.

12 Charvat, 25; McAusland, 25, 28; MacFadyen, 45.
13 Charvat, 25.
14 McAusland, 27, 29; MacFadyen, 24.
15 Peak, 20-21.
16 Charvat, 28; Peak 21.
17 Charvat, 28-29; McAusland, 33, 38, 39.
18 Charvat, 28; McAusland, 43, 45-47; Peak, 21-22.
20 Charvat, 5, 44; McAusland, 52.

22 Charvat, 3, 29, 191.


24 Charvat, 31-41.

25 Charvat, 31-41.

26 McAusland, 58.

27 Charvat, 47-48; McAusland, 60; MacFadyen, 27.

28 McAusland, 65, 68.

29 McAusland, 65, 83; Peak, 24, 27.

30 Charvat, 50.

31 Charvat, 55-57.

32 Charvat, 85-86.

33 Charvat, 87.

34 Charvat, 101, 147.


37 McAusland, 83; Peak 28; 37th Annual Report, *Progressive Grocer*, 52.

38 Peak, 26.

39 Charvat, 150-51.

40 Charvat, 182-84, 187.

41 Charvat, 182-84, 187.
CHAPTER 3
CHINESE AMERICAN COMMUNITY, EMPLOYMENT, AND BUSINESS


4 1950, Subject Reports, Report P-E No. 3B, 3B-64; 1960, Subject Reports, Final Report PC(2)-1C, 217.


7 Tan, 30, 40-41.


12 Lai, 59-60.


CHAPTER 4
BEGINNINGS

1 Jimmie Lee, age sixty-one years, and Leland Lee, age seventy-one years, sons of Lee Gim the founder of Chung Sun Market (Colusa, California), interviewed by author, tape recording, Sacramento, California, 17 November 1997.

Chung Sun (Chungsan) was the Cantonese name of the district from where Sun Yat-sen came and which was renamed in honor of him.


3 Jimmie Lee and Leland Lee interview, 17 November 1997.

In the 1930s, Lee Gim purchased a panel truck and hired a driver for deliveries.


Although many of the partners were immigrants, ownership of land was possible despite the alien land laws that prohibited non-citizens from owning land in California because some of the immigrants derived U.S. citizenship from their U.S. citizen fathers. In other words, their immigration papers claimed that their fathers were U.S. citizens. Of course, some partners were American-born.


8 Jimmie Lee and Leland Lee interview, 17 November 1997.

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George Quan, Jr., age seventy years, past president of the Sacramento Chinese Food Dealers Association, past president of the Northern California Grocers Association, interviewed by author, tape recording, Sacramento, California, 29 July 1997, 12 August 1997.

George Quan interview, 29 July 1997.

George Quan interview, 29 July 1997.

George Quan interview, 29 July 1997.

George Quan interview, 29 July 1997.

Although Quan does not remember precisely, I Street Bridge Market was probably 3,000-4,000 square feet in sales floor space when it first opened. The market was expanded and remodeled in subsequent years.

George Quan interview, 29 July 1997.

George Quan interview, 29 July 1997.

George Quan interview, 29 July 1997, 12 August 1997.

George Quan interview, 12 August 1997.

George Quan interview, 29 July 1997.

Bill Wong, age eighty years, member of the Wong family of Bel Air Markets, eldest son of Wong Gim, interviewed by author, tape recording, Sacramento, California, 20 April 1998, 14 July 1998.

Bill Wong’s father most likely purchased “papers” stating that he was a son of a U.S. citizen. Through derivation, he was also an U.S. citizen, allowing him to purchase property in California, a privilege denied to people who were not citizens.


Bill Wong interview, 20 April 1998.

Walter Fong would eventually establish the Farmer’s Market supermarket chain, opening forty stores in Sacramento and Northern California. But not all forty plus stores were operating in a given time; that is, while new supermarkets opened, old ones closed.

Bill Wong interview, 20 April 1998.

Bill Wong interview, 20 April 1998.

George Wong, age seventy-four years, past president of the Northern California Grocers Association, past president of the California Grocers Association, interviewed by author, tape recording, Rocklin, California, 24 April 1998.
CHAPTER 5
GOLDEN TIMES


3 George Quan interview, 13 February 1998.


In Colusa there has never been more than four or five grocery stores and a like number of supermarkets. During the past seven decades, grocery stores and supermarkets came and went, including a national outlet, Safeway Store, and a local independent operation, Purity Market. The Lee's did not enlarge Chung Sun Market until 1956 when they were fairly certain that a larger store with its bigger overhead would be profitable.
20 Jimmie Lee and Leland Lee interview, 17 November 1997; Leland Lee interview, 10 August 1998.


The specific profit margin and sales volume figures for Northern California supermarkets were not available. During this period, they may not have been recorded and published.


The labor unions were unable to persuade employees to join because the personnel of the supermarkets was almost totally family members; for example, Chung Sun Market.

26 Gene Yee, age seventy-three, past president of the Central Coast Grocers Association, past president of the Bay Area Grocers Association, past chairman of the California Grocers Association, interviewed by author, tape recording, Sunnyvale, California, 26 March 1999, 1 April 1999.

27 Gene Yee interview, 26 March 1999, 1 April 1999.

28 Gene Yee interview, 26 March 1999, 1 April 1999.

29 Gene Yee interview, 26 March 1999, 1 April 1999.

30 Gene Yee interview, 26 March 1999, 1 April 1999.

31 George Quan interview, 29 July 1997.

32 George Quan interview, 29 July 1997.

33 George Quan interview, 29 July 1997.

34 George Quan interview, 29 July 1997.

35 George Quan interview, 29 July 1997.
36 Bill Wong interview, 20 April 1998.


38 Bill Wong interview, 20 April 1998.

39 Bill Wong interview, 20 April 1998.

40 Bill Wong interview, 14 July 1998.

41 Bill Wong interview, 20 April 1998.


45 Bill Wong interview, 20 April 1998; George Wong interview, 24 April 1998.

46 Henry Fong, age sixty-eight, former employee of Yolo Grocery (a supermarket in Woodland, California, and in which Lee Gim invested), State Fair Market (one of the seven Famous Food Stores in Sacramento), Jumbo Market (Sacramento), interviewed by author, Sacramento, California, 4 December 1998.

47 Henry Fong interview, 4 December 1998.

48 Henry Fong interview, 4 December 1998.

49 Henry Fong interview, 4 December 1998.

50 Bill Wong interview, 14 July 1998.


52 *Sacramento Bee*, 1961 to 1972; Bill Wong interview, 14 July 1998; George Quan interview, 13 February 1998.

53 Bill Wong interview, 20 April 1998.
CHAPTER 6
DECLINE AND PASSING


3 George Quan interview, 13 February 1998.


7 Leland Lee interview, 10 August 1998; Bill Wong, age eighty years, member of the Wong family of Bel Air Markets, interviewed by author, tape recording, Sacramento, California, 20 April 1998, 14 July 1998.


The exact number of stores in the Farmer’s Market chain was less than forty and varied during the company’s peak during the mid-1970s because in a given year a few stores opened while a few closed. A new store was designated with a sequential number.
CHAPTER 7
EMPLOYEES

1 Henry Fong, age sixty-eight, former employee of Yolo Grocery (a supermarket in Woodland, California, and in which Lee Gim invested), State Fair Market (one of the seven Famous Food Stores in Sacramento), Jumbo Market (Sacramento), interviewed by author, Sacramento, California, 1 October 1997; William Lew, age seventy-three, American-born, former employee of Wonder Food Market (one of the seven Famous Food Stores in Sacramento), Jumbo Market (Sacramento), interviewed by author, tape recording, Sacramento, California, 19 November 1998.

2 Henry Fong interview, 1 October 1997; Earl Joe, age seventy-one, former employee of Walter Fong’s Save-a-Lot Market, former manager of a Farmer’s Market for twenty years, one of the family owners of Panorama Markets, interviewed by author, tape recording, Sacramento, California, 4 March, 1999, 23 March 1999.

3 Henry Fong interview, 1 October 1997; Earl Joe interview, 4 March 1999.

4 Henry Fong interview, 1 October 1997.

Henry Fong interview, 1 October 1997; Leland Lee, age seventy-one years, son of Lee Gim the founder of Chung Sun Market (Colusa, California), interviewed by author, tape recording, Sacramento, California, 10 August 1998, telephone interview, 23 August 1998.

Henry Fong interview, 1 October 1997; Bill Lew interview, 19 November 1998.

George Quan, Jr., age seventy years, past president of the Sacramento Chinese Food Dealers Association, past president of the Northern California Grocers Association, interviewed by author, tape recording, Sacramento, California, 12 August 1997, 23 September 1997.

Henry Fong interview, 1 October 1997.

Henry Fong interview, 1 October 1997.

Henry Fong interview, 1 October 1997.

Henry Fong interview, 1 October 1997.

Leland Lee interview, 10 August 1998; Henry Fong interview, 1 October 1997.

Leland Lee interview, 10 August 1998; Henry Fong interview, 1 October 1997.


Art Yim interview, 19 March 1998.

Art Yim interview, 19 March 1998.

Henry Fong interview, 1 October 1997; Bill Lew interview, 19 November 1997; Earl Joe interview, 4 March 1999.


Earl Joe interview, 4 March 1999.
CHAPTER 8
LABOR UNIONS


2 Leland Lee, age seventy-one years, son of Lee Gim the founder of Chung Sun Market (Colusa, California), interviewed by author, tape recording, Sacramento, California, 10 August 1998, telephone interview, 23 August 1998.

3 Henry Fong, age sixty-eight, former employee of Yolo Market (a supermarket in Woodland, California, and in which Lee Gim invested), State Fair Market (one of the seven Famous Food Stores in Sacramento), Jumbo Market (Sacramento), interviewed by author, Sacramento, California, 1 October 1997.


5 Northrup, 32-33.
8 Northrup, 38; the author witnessed the use of people hired by the Retail Clerks' Union to walk the picket lines in Sacramento during the late 1970s. The union never considered having store employees picket the supermarkets in which they were employed.

9 Northrup, 39-40.

10 Northrup, 44.

11 Leland Lee interview, 10 August 1998; George Quan, Jr., age seventy years, past president of the Sacramento Chinese Food Dealers Association, past president of the Northern California Grocers Association, interviewed by author, tape recording, Sacramento, California, 12 August 1997, 23 September 1997.

12 Fogel, 80-81; Northrup, 57.

13 California State Council of Retail Clerks, Thousands of People Like You, 1945, 1-19.

14 Council of Retail Clerks, 14; Henry Fong interview, 1 October 1997.

Information regarding unionization was gathered from interviews with employers and employees who described the situation during the 1940s and early 1950s.

15 Leland Lee interview, 10 August 1998.

16 Northrup, 51-59; Fogel, 91-92; Leland Lee interview, 10 August 1998.

Lee provided the cost figures for the 1950s.

Northrup and Fogel did not mention the costs of the benefit coverage in the labor agreements. To get an idea how much non-wage compensation cost an employer, in 1990 the hospital and medical care package cost $271.00 a month per employee, not covering his family and not including dental care, free eyeglasses, and psychiatric treatment. Pension contribution from the employer was over $1.00 for each hour worked by the employee during the late 1980s. Included in the benefit agreements in the 1980s was a half-hour consultation with an attorney free of charge each year. These benefits applied to Retail Clerks' Union Local 588 in the Sacramento and Northern California area.

17 Fogel, 93; Northrup, 59-60.

18 Northrup, 71.

19 Northrup, 69, 86.

20 Northrup, 86-89.
21 Northrup, 89.

22 Northrup, 91-98.

23 Northrup, 99.

24 Northrup, 104-07.

25 Northrup, 109-112.

26 George Chan, age sixty-five, American-born, former employee of Palm Market (Auburn, California), Giant Food Market (Sacramento), Albertson’s (Sacramento), interviewed by author, tape recording, Folsom, California, 15 April 1998.

27 Leland Lee interview, 10 August 1998.

28 William Lew, age seventy-three, American-born, former employee of Wonder Food Market (one of the seven Famous Food Stores in Sacramento), Jumbo Market (Sacramento), interviewed by author, tape recording, Sacramento, California, 19 November 1998.

29 Henry Fong interview, 1 October 1997.


31 George Chan interview, 15 April 1998.

32 George Quan interview, 12 August 1997; Leland Lee interview, 10 August 1998; Henry Fong interview, 1 October 1997; Earl Joe, age seventy-one, former employee of Walter Fong’s Save-a-Lot Market, former manager of a Farmer’s Market for twenty years, one of the family owners of Panorama Markets, interviewed by author, tape recording, Sacramento, California, 4 March, 1999, 23 March 1999.

CHAPTER 9

CHINESE MANAGEMENT

1 Victor Nee and Herbert Wong, “Asian American Socioeconomic Achievement, the Strength of the Family Bond,” Sociological Perspectives, vol. 28, no. 3 (July 1985): 281, 301.

2 Nee, 287, 298.

3 Nee, 302.

Wong, 69.

Wong, 70.

Wong, 71.

Wong, 66.

Wong, 72-77.


Hamilton, 143-44.

Hamilton, 145.

Hamilton, 146-47.


Wong, 61-62.

Wong, 63-68.


Chan, 220-21.

Chan, 231-35.

The old supermarkets are about 15,000 to 30,000 square feet in sales floor space, compare to about 60,000 square feet for a superstore. The latter may have a weekly sales volume of $400,000 to $500,000.


3 George Quan, Jr., age seventy years, past president of the Sacramento Chinese Food Dealers Association, past president of the Northern California Grocers Association, interviewed by author, tape recording, Sacramento, California, 23 September 1997.


5 Bill Wong, age eighty years, member of the Wong family of Bel Air Markets, interviewed by author, tape recording, Sacramento, California, 14 July 1998; Earl Joe, age seventy-one, former employee of Walter Fong’s Save-a-Lot Market, former manager of a Farmer’s Market for twenty years, one of the family owners of Panorama Markets, interviewed by author, tape recording, Sacramento, California, 4 March, 1999, 23 March 1999.

6 Leland Lee, age seventy-one years, son of Lee Gim the founder of Chung Sun Market (Colusa, California), interviewed by author, tape recording, Sacramento, California, 25 November 1997.


8 Bill Wong interview, 14 July 1998.

California State Council of Retail Clerks. *Thousands of People Like You*, 1945.


Retail Clerks’ Local Union, No. 588, Sacramento. Articles of Agreement, 1938.


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