

A HISTORICAL LOOK AT ARIZONA'S FOOD INDUSTRY

By Jo-an Holstein and Debbie Roth

Looking back over time, Arizona's food industry is much like a rich, vibrant, irreplaceable tapestry. Chain and independent retailers of all types and sizes along with vendors, manufacturers, organizations, events and social changes have been tightly woven together – each influencing and melding with the other.

The result is an amazing design. A depiction of an industry, and the state trade association that serves it – the Arizona Food Marketing Alliance (AFMA). Both are like no others. To trace this unique industry and association's beginnings, start by following the tracks --- the railroad tracks.

The Early Days

As the mighty “Iron Horse” thundered west during the frontier days of the late 1880s, small territorial towns sprang up. The miners and pioneers who called these dusty communities home were served by general stores and trading posts – the seeds from which today's food industry has grown.

These early-day Arizona residents also were served by determined businesses that would become industry legends. Consider Edward Eisele, an immigrant from Bavaria who purchased a Phoenix bakery now led by his grandson and namesake and known as Holsum Bakery – the very bakery that was the first to use a horse-drawn bakery wagon in 1894 and an auto for delivery in 1910. Another example is



Drivers for Phoenix Bakery which later become Holsum Bakery — line up for another day of deliveries in the late 1800s.



A.J. Bayless (center) grins in his trademark derby with two industry sidekicks.

Shamrock Foods, launched in Tucson in 1922 by W.T. McClelland, who immigrated from Ireland and started the family business with a Model T truck and a couple of cows.

Just a few years earlier, in 1917, legendary J.B. Bayless had moved to the state, bringing his experience with food stores in Tennessee and Washington with him. During the following years, Bayless built a successful local chain of 18 stores that was eventually bought out by Mac Marr in 1929. A provision of the buy-out, wrote the late Gene Parker in memoirs dated August 1987, was that J.B. would not compete with them for a set number of years. A year after the buyout, his son, A.J., bought Butcher's stores and started his own chain.

"There was quite an uproar, as the Safeway people who bought out Mac Marr in 1931 insisted that A.J.'s father (J.B.), was the real owner. A lawsuit was filed

but after about five years, it was decided that a son of legal age was not bound by his father's agreement," Parker wrote. "Hard feelings showed up in a different way. Softball teams were sponsored by many businesses, among them Safeway and Bayless. Nothing gave the Safeway people greater pleasure than to beat the Bayless team."

As Arizona's oldest national chain, Safeway had moved into the state in 1928. That was the same year it purchased a chain of stores called Pay 'N Takit, which debuted in Arizona in 1921. The Bayless stores "grew to become Safeway stores' biggest competitor," wrote legendary food broker Ken Sewell many years ago. "A.J. Bayless knew more about the products he purchased than the salesmen that sold them."

Just two years after the launch of A.J. Bayless' stores came the founding of Bashas' in 1932 by Ike and Eddie Basha, Sr. During those days, stores didn't



Ike and Eddie Sr.

have air conditioning. Instead, they had open fronts and merchandise was displayed on the sidewalk and wheeled back into the store at closing time.

Also during this time, the marketing of frozen foods heated up – spurred after Postum Co. purchased the "quick freezing" company founded by Clarence Birdseye. At long last, highways joined the railroad as a means for transporting goods. During the 1930s, radio advertising hit the airways, grocery carts were invented and Holsum Bakery – yet again displaying its penchant for innovation -- introduced Arizonans to sliced bread. In 1942, food industry icon Noah Billings opened the doors of Food City – a banner that was pulled under the Bashas' umbrella in 1993. A.J.'s stores, whose heritage goes back to A.J. Bayless, also are now part of the Bashas' family of stores.



Arizona's oldest national chain, Safeway is shown in one of its earlier days.

An Association Is Born

As World War II raged, Arizona's food industry battled food shortages, government control and ration stamps. Industry leader Roger Hagel, who started in the grocery business at age 13, went on to own Hagel's Markets, and later run El Rancho and eventually Bayless --- recalled those turbulent times in a recent interview.

Hagel noted that grocers all had problems getting fresh cattle meat, and the government's Office of Price Administration (OPA) dictated "what we paid for items and what we sold them for." Because of shortages, consumers used ration stamps to purchase many items, including gas, canned goods, meat and sugar. Hagel, who purchased one of his stores after the OPA shut down the previous owner for cheating on ration stamps, recalled times when his wife worked in the store while he went out to get

merchandise. He often bought 10-pound bags of goods and repackaged them in smaller units to sell, and remembers when Van Buren would be blocked off as crowds gathered because they knew which days he'd have cigarettes available. When shortages eased and ration stamps disappeared, grocers battled briefly with the confusion of what to charge for items.

While some male store owners were called upon to fight for their country, many wives back home in Arizona took over the food businesses. One example is Earl Rutledge, who left his wife, Bertha, to run the store along with Dorothy, whom he later married after Bertha's death.

During this time, independents grappled with how to compete against chains. Interestingly, such independent stores often were owned by Chinese residents, many whose families arrived in the state while building the railroad. Now operating small Mom and Pop stores, such Chinese families often lived in the back of their small stores.

"It was a meager living," said the late Walter Ong in a 1999 issue of "Arizona Grocer" (Now called the *Arizona Food Industry Journal*.) "Many of these people came to America to find wealth and happiness.

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40	82	40	82
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VOLUME 1 NUMBER 1 FEBRUARY 28, 1942

Early RGAA board members smile for the camera in 1946 as they welcome Mrs. R.M. Kiefer, National Secretary of the National Independent Grocers Association.



Front row, left to right: D.H. Toy, N. Hoffman, John Davis, U.L. Logan, Clyde Killingsworth, Leo Welnick, Emilie Kaiser, Mrs. R.M. Kiefer, Paul West, Earl Rutledge, C.D. Titchenal, Walter Ong, Back row, left to right: Morris Sharpe, Joe Fernandez, Walter Nelson.

But once they got here, they learned that it wasn't that easy. The retail grocery business gave them opportunity; it was a business they could get into."

Ong, who at one time operated five small stores, was among a group of independents who formed the Retail Grocers Association of Arizona (RGAA) in October 1943 --- 60 years ago. Now known as the Arizona Food Marketing Alliance, the organization was headed not only by Ong but also Clyde Killingsworth, Al Lesiner, Earl Rutledge, Leo Welnick and Paul West. Like today, one of the association's key purposes was to represent the industry in the legislative or policymaking arena.

"I remember after the association was first formed, I went back and forth from town to town to get everyone involved. We didn't want the retailers in the rural communities to be left out," said Vicki

Meet An Industry Icon Walter Ong



The Walter Ong story – which is generously dotted with his caring spirit and philanthropic endeavors – literally unfolds in a grocery store. The late Ong was born in 1915 in the building which housed the market his parents operated at Fourth Street and Madison in Phoenix.

He worked in the family business until 1937 when he struck out on his own and opened Central Market in

downtown Phoenix. Always an astute businessman, Ong created one of the first true independent shopping centers in 1946 at 16th Street and Thomas and anchored it with Central Market #2. Three years later, Central Market #3 opened its doors at 16th Street and Roosevelt.

As early as the 1930s and 1940s, the Chinese grocery community had developed a tremendous respect for this young entrepreneur. Its members constantly turned to his capable leadership because he was always quick to look out and fight for their well-being. Ong helped them solve their problems, acted as their interpreter with government officials, and always encouraged their dreams.

It was no wonder then in 1943, when Clyde Killingsworth, Al Leisner, Earl Rutledge, Leo Welnick and Paul West got together to form a grocers' trade association that they called on Ong to secure the support of the Chinese community.

Looking back at the years before the RGAA was formed, Ong recounted an era filled with uncertainty. "Talk about an unhealthy competitive spirit," he once remembered. "The Chinese grocers fought with the Caucasians; the Caucasians fought with the Hispanics; and then we all fought among ourselves."

But under the banner of the RGAA and with the hard work and dedication of Ong and company, the Arizona grocery industry took a giant step toward unification. While Ong admitted that the competitive spirit still runs strong in the Arizona grocery industry, he often proudly claimed that the association helped to keep this competitive spirit friendly and healthy.

Walter Ong is one of the founders of the Retail Grocers Association of Arizona (RGAA/AFMA). He served on the board of directors of the RGAA for a number of years and as chairman in 1951 and 1952. He also is credited with being one of the founding fathers of Associated Grocers. Ong was named the RGAA's Retailer of the Year in 1975 and was inducted into the Arizona Food Industry Hall of Fame in 1989.

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Sawaia, in a 1999 interview. Now living in a Valley nursing home, she recalled trips to Globe, San Carlos, Springerville, Payson and other small towns during days when there were no paved roads. Sawaia is the daughter of a merchant from Lebanon, who opened a store in Miami in 1916. He later moved to Superior, where he opened Sawaia's White Spot, a store which Vicki eventually managed.

With just a year under its belt, the young RGAA began publishing "Arizona Grocer", now the *Arizona Food Industry Journal*. Among the first advertisers in the magazine were Holsum, Hayden Flour Mills, Rainbo, Borden, 7-Up and Barq's. Along with publishing the magazine, the RGAA also held the first of what would become an industry mainstay for decades to come – an annual convention.

While early conventions included a product showcase open to consumers, later conventions focused on providing networking and social opportunities for food industry members. Great camaraderie, friendships and business relationships were spurred by these annual conventions, the last of which was held in 1999.

"It was always so nice to go. We'd send our help. It was something they looked forward to. They always had a good entertainer, speakers and seminars," recalled Hagel. "We'd see employees who never got to go out to a fancy hotel."

The Growth Of Associated Grocers

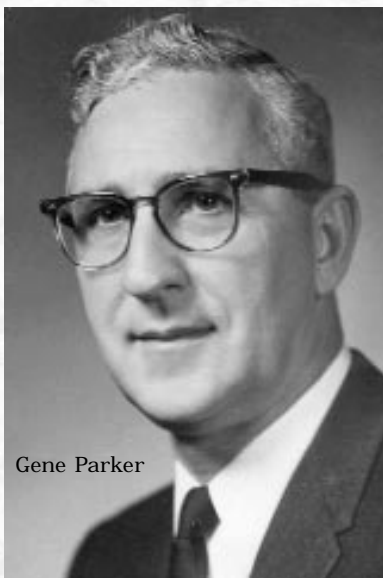
As the RGAA continued to come into its own, another important industry organization developed -- the Associated Grocers, a retailer-owned buying group that became Arizona's largest wholesale grocery company. The AG worked to provide independent grocers with competitively priced goods. "Everyone bought from Associated Grocers," said Hagel, who was running El Rancho Markets at the time. "With AG, we could buy smaller amounts rather than big quantities and still get good prices. It saved our lives."

Associated Grocers was started in 1948 by Emery Nelson, who had worked with Safeway Pay 'N Takit and later General Sales Company. The co-op, lacking



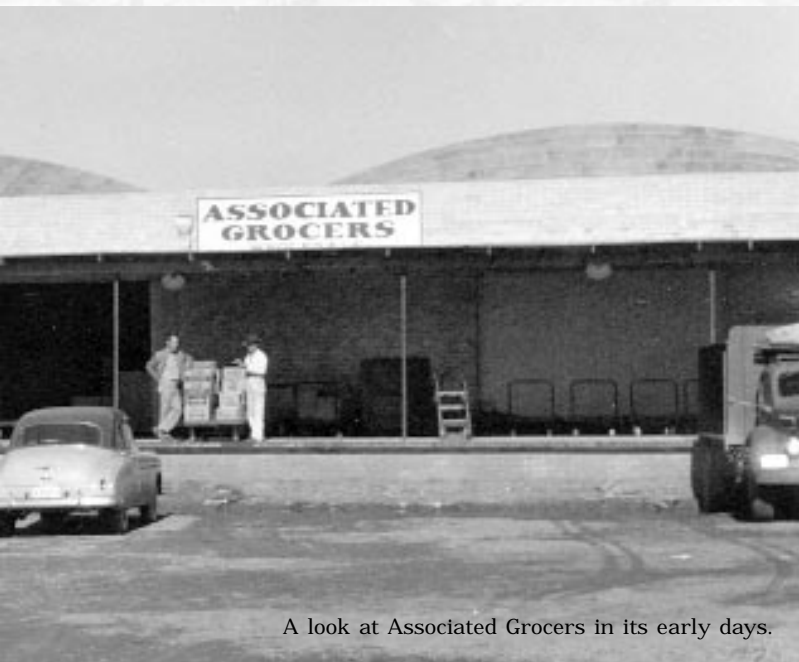
the dynamic leadership of its earlier days, was acquired by Fleming in 1984.

"When Associated Grocers started in 1948, there were about 30 wholesale grocers in the state. The wholesalers all had salesmen who called on the retail stores and restaurants. They took orders for delivery several days later. One salesman from Arizona Grocery would put his bicycle on the early morning train, get off in Chandler, call on the stores, take their orders, put the bike back on the train in the evening, and go home. All the orders were hand written and priced by the salesman the same time they wrote the order. The orders were given to the order desk in the office where they would be checked for prices and turned over to the warehouse to be filled for the next day delivery. After the orders were filled, they were returned to the office where they were figured by



Gene Parker

people using a comptometer (calculator)," wrote the late Gene Parker. Parker was the Associated Grocers' first employee, and was hired by Nelson, who had also hired him at Safeway Pay 'N Takit. Parker started with AG as a buyer then progressed to assistant manager, vice president,



A look at Associated Grocers in its early days.

executive vice president then president before retiring in 1977. He recalled the great opposition that AG had to initially overcome, with few manufacturers willing to sell to the group.

An Industry Continues To Evolve

Other events highlighted the late 1940s, including the founding of Kalil Bottling. Iceless refrigerator cars began to carry frozen foods, grocery warehouses welcomed steel racks and fork lifts. Television advertising made its way into Arizona households and supermarkets expanded across the state. In 1949, Arizona Grocer began publishing a page directed to the state's Chinese and Spanish-speaking merchants. The following year, the RGAA played a key role in the reduction of an inventory tax, and merchants sighed in relief as a tax on oleo was lifted.

With the 1950s came those unforgettable S&H Green Stamps. Parker called them a "good merchandising tool" which initially gave stores enough increase in volume to offset their costs, while Hagel recalled when "double stamp Wednesdays" accounted for up to one-third of his business. The stamps were ultimately discontinued by the mid-1970s.

Also during the '50s, stores began staying open on Sunday and warehouses began handling frozen

Meet An Industry Icon Emery Nelson



Following World War II, Emery Nelson foresaw the need for a retailer-owned buying organization to supply independent grocers. He first tried convincing his partners at the wholesale General Sales business to convert their company into a retailer-owned cooperative. When that failed, he left the company to focus on creating Associated Grocers himself.

Nelson went about selling his idea to area grocers, visiting them with a dime store receipt book in hand. He rounded up 42 supporters, collecting \$250 from each. With the \$10,500 he raised, Nelson incorporated Associated Grocers as a retailer-owned cooperative with 42 stockholders who each owned one share of stock. Two of those initial stockholders were Noah Billings and Don Titchenal.

Determined to help independent food retailers, Nelson didn't stop at just creating Associated Grocers. Serving more than three decades as general manager and corporate chairman, he saw Associated Grocers through the struggles of the early years when food manufacturers refused to sell to the organization. Fortunately, cooperatives such as Certified Grocers of California, Associated Grocers of Salt Lake City and Washington, United Grocers and others stepped up to help their Arizona counterpart.

The company grew to become the largest wholesale grocery company in Arizona with more than \$700 million in annual volume. It operated from a huge modern warehouse located on 40 acres at 25th Avenue and Grant Street. In 1984, Emery Nelson retired from Associated Grocers — the same year that Fleming acquired all the assets of AG.

Emery Nelson passed away in 1988. He was the first recipient of the RGAA/AFMA Food Industry award in 1965, and was inducted into the Arizona Food Industry Hall of Fame in 1999.



In one of their more serious moments, members of Los Hospederos pose with their signature bowties. Group founder Ken Sewell stands at the center in the back.

foods and using printed order books. Early computers, although a far cry from what they are today, introduced new business efficiencies. As nifty as the '50s themselves, convenience stores began popping up across Arizona. Perhaps most notable among them was Circle K, which hit the market in 1957.

“In the late 1950s, the convenience stores came to Arizona. At first, not too much attention was paid to them but as they increased in number, the small mom and pop stores began to close,” wrote Parker.

During this decade, Los Hospederos – which literally means “the hosts” – was formed to support the RGAA. Food broker Ken Sewell led a group of approximately 40 suppliers in creating Los Hospederos in 1953. The group was focused on supporting AFMA by hosting its annual convention, including a golf tournament that kicked off the annual event.

Los Hospederos first played a leading role in the RGAA two-day convention held in 1954 at the Biltmore. Over the years, the group donated and served truckloads of food, and provided numerous hospitality suites, games and prizes. Today, Los Hospederos has been replaced by a new group, the Arizona Food Council, which has not only a new name but also a new mission in serving Arizona’s food industry.

Another active industry group at this time was the Food Industry Golfers, better known as FIG. The group held its first tournament in 1950 at Encanto. The event was sponsored by the Roadrunners, an organization of salesmen. According to Hagel, FIG included 40 retailers and 40 wholesalers who golfed once a month. Names were drawn to determine who played together, and anyone not playing with their selected person was not asked to play again. It was



Food Industry Golfers (FIG) brought retailers and wholesalers together.

Arizona Food Industry Award Recipients

1965	.....Marge Condon, Emery Nelson
1966	.....Roger Hagel
1967	.....R.G. "Ted" Babbitt
1968	.....Mrs. A.J. Bayless, Blu Wright
1969	.....Milton Reay
1970	.....Gene Parker
1971	.....Vicki Sawaia, Bob Tornquist
1972	.....Golden Baldock, Clyde Smith
1973	.....R.P. "Pat" Prettyman
1974	.....G.W. "Bill" Mathews
1975	.....Walter Ong
1976	.....Ross Blakley
1977	.....Bob Burke
1978	.....Ken Sewell
1979	.....Bill Nichols

Retailer of the Year Supplier of the Year

1980	.....Tom Hickey, Burton Barr
1981	.....Will Gordon, Don Westfall
1982	.....Don Olsen, "Red" Malone
1983	.....Gordon Reay, "Red" Brandon
1984	.....Wesley Little, Jr., Frank Rucker
1985	.....Jim Ziemkowski, Ed Eisele
1986	.....Fred Warrington, Ted Duncan
1987	.....Wayne C. Manning, Bob Warren
1988	.....Bob Smyser, Gene Cervelli
1989	.....H.N. Neb Keeton, Mike Zachrich
1990	.....Noah Billings, Norman McClelland
1991	.....James J. Coury, George Kalil
1992	.....Mike Peterson, Tim Day
1993	.....Dennis Hood, Richard Barr
1994	.....Ed Hill, Frank Leavy
1995	.....Tom Stabler, Don Cox
1997	.....Bruce Everette, Jerry Russell
1998	.....Al Fantin, Mark Miller
1999	.....Tom Shope, Nancy Sullivan

Retailer of the Year Supplier of the Year Convenience Store Retailer of the Year

2000	.....Geoffrey Stickler, Ray Sprinkle, Vern Stover
2001	.....Eddie Basha, John Sorensen, Bob Lavinia
2002	.....John Smirniotis, Rex Collins, Jim Keyes
2003	.....Jake Weber, Tom Osterman, Troy Little

understood that every player paid their own way, with the exception, perhaps, of treating each other to refreshments. "It was the greatest thing to bring retailers and wholesalers together," Hagel said.

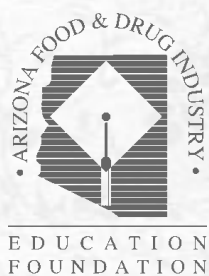
In the late '50s, retailers battled check cashing problems, prompting meeting with banking, police and FBI officials. Shoplifting also was an issue and a milk price war was going full steam by the end of the decade.

With the 1960s, Arizona's bustling food industry welcomed such familiar names as Fry's and Smitty's, the latter which heralded the new concept of mixing both general department store merchandise with groceries. New on retailers' shelves were Brownulated Sugar from Spreckels Sugar and boneless turkey roasts from Armour. The RGAA also boasted new concepts during this time. Its coupon redemption service, still in operation, was created and its first food industry award was given to Emery Nelson, of course during the industry's leading event, the RGAA annual convention. While the convention is no longer held, food industry awards are still given during an annual banquet. One award honors the Retailer of the Year, and another salutes the Supplier of the Year. Another award category, which began in 2000, is given to the Convenience Store Operator of the Year.

By the mid 1970s, Alpha Beta had entered the Arizona market and convenience foods became the rage in response to women entering the workforce in growing

numbers. The industry, and its association, turned their thoughts to item price marking, unit price legislation, the energy crisis, high food costs and inflation.

During the next decade, a scholarship program was created. Paul Bennewitz, who lead the association from 1980 to 1996 and



had a background in vocational education, recalled working with Dennis McGuire, a Bayless vice president in Tucson, to create the program. Evolving over time, the program eventually led to the creation of the non-profit Arizona Food & Drug Industry Education Foundation.

Also during the 1980s, the RGAA created its cart retrieval program. A hotline – still in operation – was created in 1984 for the public to use in reporting abandoned shopping carts. Three years later, the RGAA established its Hall of Fame with A.J. Bayless as its first honoree. To this day, one food industry leader is inducted annually. Budget-conscious consumers saw generic products arrive in stores along with technological advances including electronic tags and visible television monitors to fight shoplifting.

“Everything changed because of computers,” said Hagel, recalling labor-intensive days of grease pencils and earlier times when every item in a store was marked or stickered. “Now everything is scanned in with the cash register. It’s a tremendous benefit.”

Arizona Food Industry Hall of Fame Recipients

1987	A.J. Bayless	Bayless Markets
1988	Eddie Basha, Sr. Clyde Smith	Bashas’ Smitty’s
1989	Don Fry Walter Ong Pat Prettyman	Fry’s Food & Drug Stores Central Markets Prettyman’s Market
1990	Roger Hagel	Bayless Markets
1991	Earl Rutledge	Earl’s Markets
1992	Tom Hickey	Smitty’s
1993	Stan Felix Emilie Kaiser	Madison Pay’N Takit Broadway Village Market
1994	Ike Basha Bob Taylor	Bashas’ Safeway
1995	Gene Parker	Associated Grocers
1996	Vicki Sawaia John Gillett	Sawaia’s White Spot Circle K
1997	Bob Richards Neb Keeton	Bayless Markets/WAFC Neb’s Market
1998	Ted Babbitt Noah Billings	Babbitt’s Trading Company Food City
1999	Wes Little Emery Nelson	Quik Marts, Inc. Associated Grocers
2000	Ed Hill	ABCO Foods
2001	Jim Hensley	Hensley & Company
2002	Al Felix Fred Felix	Bashas’ Bashas’
2003	DENNIS HOOD	FRY’S FOOD & DRUG STORES



Times Of Change And Consolidation

Change was the keyword of the day throughout much of the 1980s and beyond. Southwest Supermarkets – perhaps foreshadowing the Hispanic-oriented niche store to come -- was created and mergers and consolidations were becoming more commonplace in what was increasingly becoming known as one of the hottest and most competitive food markets in the nation.

For example, Smitty’s was acquired, Dillon merged with Kroger, Fleming acquired Associated Grocers, and Alpha Beta was sold and renamed ABCO. El Rancho sold or closed its Arizona stores and MegaFoods began operations. Also during the late ‘80s, ABCO bought out Lucky stores, and Smith’s and Albertson’s entered the market. In the mid-1980s, Hagel recalled meetings at Bayless (which ranked #1

in the market in 1984 with 60 stores) where ads from 12 competitors were hung on the wall. As chains dominated the field, independents became increasingly scarce, explaining the debut of IGA -- the Independent Grocers Alliance -- in Arizona in 1989.

As part of the changing characteristics of the 1980s, the state's food industry association also underwent a sort of transformation, becoming dramatically more politically active. "Grocers typically didn't want to get involved with public policy because they were afraid they'd lose customers," explained former association leader Paul Bennewitz.

He recalled that when political involvement was desirable, the association and the food industry turned to Burton Barr, who operated Maverick Store Fixtures. He became majority leader in the House, and encouraged Roger Hagel, Wayne Manning and other food industry members to get involved. In 1985, the industry came together for the first time to support a political candidate from its ranks when Barr ran unsuccessfully for governor.

"There cannot be enough credit given to what Burton Barr did for the food industry," Bennewitz said.

Eventually, industry leaders such as Gene Parker and food broker Ken Sewell, who visited food industry members to gather funding to create the Food Industry Political Action Committee (FIPAC), helped bring the industry out of its political shyness.

"FIPAC was an important way to pull people out. Leaders like Gene Parker and Ken Sewell caused a number of grocers to say, 'maybe we should get involved,'" said Bennewitz. He noted that one of the goals when he was hired as association leader was to make the industry more involved in the political process.

Bennewitz recalled that the first big issue he faced was a potential tax on food items but not non-food items. Passage of the tax was unavoidable, and check-out debacles were feared as cash registers were far less sophisticated then. The association took action, and as a result, retailers were able to average their sales taxes, plus they were given an allowance for upgrading cash registers. Another issue during this time involved allowing underage cashiers to ring up liquor.

During the early 1980s, the RGAA also played a key role in defeating a bottle bill, which involved

Meet an Industry Icon Roger Hagel



Roger Hagel got his first taste of the grocery industry at age 13 while working as a clerk at the Capitola Market on 16th Street and Van Buren. After graduating from high school, he moved to El Paso, Texas, where he was a representative for the Best Foods Company. Hagel eventually became division manager of the company's El Paso and West Texas divisions.

Longing to return to Phoenix, he purchased the Capitola Market and added two more stores, which he proudly renamed "Hagel Markets." Due to a shoulder injury, Hagel sold his stores in 1958 and accepted the position of division manager for El Rancho Markets in Phoenix. By 1965, he had become vice president of Arden Mayfair (owner of El Rancho), and oversaw operations in Nevada, Utah, San Diego and Arizona.

Hagel left El Rancho in 1966 and joined the team at Bayless Markets as store operations manager. Within two years, he became president and general manager. Hagel grew the Bayless chain from 40 stores to 60 stores, and when the company was sold in 1984, it was grossing its highest profits ever.

Many know Roger Hagel as a legendary Arizona grocer who was instrumental in creating an industry-wide sense of unity and cohesiveness. Fellow businessmen regard him as a caring philanthropist who dedicated his time to countless organizations to help those less fortunate. Still others know him as a long-time community booster, dedicated to turning the Phoenix metro area into a booming, thriving community.

Hagel served two terms as president of Associated Grocers and was a founding member of F.I.G. (Food Industry Golfers). Additionally, he was vice-chairman of the National Association of Food Chains and served as chairman of the Food Industry's Christmas Dinner for the Salvation Army for 13 years. Hagel was named Retailer of the Year in 1966 and was inducted into the Arizona Food Industry Hall of Fame in 1990.

deposits on containers. Spurred by interest in cleaning up the environment, the bill would have caused space, bug and other problems for retailers. While initial surveys indicated 60 percent of voters were for the initiative, it ultimately was rejected with 58 percent voting it down.

“It was defeated rather soundly and never came back. But we didn’t walk away from the environmental issue,” Bennewitz said. In fact, the RGAA joined with the beverage industry and others to help start Arizona Clean & Beautiful, an organization still in existence today.

Importantly, the association also played a role in the formation of the Arizona Association of Food Banks in order to unify the efforts of individual food banks. And when it seemed possible that the state would get involved in training about alcohol sales, the association again got involved, leading to the creation of today’s ABC for Alcohol Education and a reduction in fines if there was a violation.

“These kinds of things are important because, as an industry, it’s better to do it ourselves than have government take over. We don’t necessarily want to see bigger government,” Bennewitz said.

He recalled that a key issue in the mid-1980s was the passage of a sales tax to build freeways. “We spent a lot of time to get that passed. Freeways are how goods get to stores, and we got behind it so the costs of products wouldn’t increase,” Bennewitz said.



Burton Barr (left) is honored as Supplier of the Year in 1980 by Tom Benford (center) and Rex Collins (right).

TRADITION

Los Hospederos/Arizona Food Council

In 1953, 40 men representing the supply side of the food industry gathered for a dinner meeting at the Arizona Country Club. Before the evening was over, they decided on a name and voted in a board of directors. Having discussed several possibilities, the group decided to call itself “Los Hospederos” meaning “the Hosts.” The name reflected the new organization’s mission, to host the annual RGAA/AFMA Convention.

Fast forward to 2000 and AFMA is no longer in the convention business. Los Hospederos began a period of soul searching, only to change its name and focus. By the end of 2000, the Los Hospederos were known as the Arizona Food Council (AFC). The group’s new mission became “...to add value to the community and the food industry. Our focus is on education and charitable organizations.”

Celebrating 50 years, the AFC has become the fundraising arm for the Arizona Food & Drug Industry Education Foundation. In addition, the group still provides fun for the industry through golf tournaments that have raised monies for numerous charities including the City of Hope

RGAA/AFMA Conventions

Arizona’s food industry showed up in mass when its state association hosted its annual convention and trade show.

Beginning in 1946, the Retail Grocers Association of Arizona’s (RGAA) convention provided encouragement to independent grocers, whose only weapon against the complexities of post-war business enterprises was an affiliation with the state association. The convention provided a forum for independent grocers throughout the state to come together and renew old acquaintances and recharge their batteries with high-energized speakers. It was also an opportunity to visit the booths of vendor partners, who showcased the latest trends and technology and offered ever-popular food sampling.

Now fast forward to 1953, when a new vendor group was founded with the sole purpose of hosting the RGAA annual convention. Los Hospederos injected a new ingredient into the convention — fun! Through the years, Los Hospederos staged competitions which involved all the major players in madcap games and general horseplay. Whether it was a relay race, a talent show, Las Vegas night, or serving hot dog lunches, Los Hospederos was a key ingredient to the success of RGAA/AFMA conventions.

In 1997, the convention format was changed. In an attempt to mimic the high-end convention format perfected by the WAFC, the AFMA convention moved to a resort setting, focused more on “name” speakers, and downplayed the trade show. By 1999, the AFMA Board of Directors opted to eliminate the convention entirely, and a significant part of AFMA’s history came to an end.

Meet An Industry Icon Earl Rutledge



The late Earl Rutledge ventured to Arizona at the age of 19. Charged with supporting the family, he went to work as a potato sacker for J.B. Bayless, father of legendary grocer A.J. Bayless. Rutledge eventually went on to manage a store located at 16th Street and McDowell. When that store was bought by Safeway in 1933, he stayed on and worked for Safeway for the next seven years.

"Each of the stores I worked for in those early years taught me so much," Rutledge once recalled. "J.B. taught me the importance of being good to your employees and from Safeway, I received excellent training in how a modern, self-service operation should run."

Rutledge opened the first Earl's Market at 24th Street and McDowell in 1940. Eight years later, he opened his second store at 46th Street and Van Buren. In the late 1940s, Rutledge stumbled upon the "magic" that would forever be associated with his store operations -- he received the franchise rights to S & H Green Stamps. Recognizing that magic, Arden Mayfair offered to buy Earl's Markets and the franchise for S & H Green Stamps in 1959. Rutledge made the deal, only to go to work for Arden Mayfair, where as a district manager he oversaw five El Rancho stores and Earl's Markets.

"Be an innovator. Don't be afraid to try something new. I was the first grocer in Arizona to use S & H Green Stamps. They were costly, and it was a major risk. But they did amazing things for my bottom line."

— the late Earl Rutledge

In 1960, Rutledge struck out on his own again and opened Earl's Shoppers Market, a 27,000-square-foot store at Hayden and Indian School Roads. He bought franchise rights for S & H Green Stamps in his territory and ran the store until 1984 when he retired and sold to Bashas' Markets.

Earl Rutledge was one of the founding members of Associated Grocers and the Sure Save Group. A long-time board member of the RGAA, he was inducted into the Arizona Food Industry Hall of Fame in 1991. His legacy lives on through the Arizona Food & Drug Industry Education Foundation, which was the recipient of \$75,000 from Rutledge's estate after his death in 1999.

Other key political involvement during this time included fighting to increase retail commissions on lottery tickets and defeat a tax on soft drinks. In the late 1980s, the association helped stop legislation that would have required policing of retail parking lots. It also facilitated a change that enabled retailers to keep a percentage of the sales tax they collected. "We were one of the few states without an allowance for collecting," Bennewitz said.

Perhaps one of the industry's biggest political battles came in the early 1990s when retailers faced the threat of having to put a price on every item offered. "We got legislation passed so that wasn't required. When the governor signed, it was a victory for the food industry. It was one of the most important pieces of legislation. Chains, independents, convenience stores...everyone got in on it," Bennewitz said.

Not all issues were at the state level, however. For example, an ordinance in Douglas proposed that grocers pay a fee to get back their lost or abandoned carts. Bennewitz and others went to the town and convinced officials that retailers would do a good job of retrieving their carts. "It was basically a ransom. They wanted to charge retailers to get their own property back. We killed it off fast because the idea could have expanded," he said.

And, not all battles were won. For example, Bennewitz noted that efforts to enable retailers to purchase alcoholic products on credit were unsuccessful.

Along with its heightened political involvement, the association was the first of its kind to conduct a statewide survey of grocery and convenience store operational practices. "We looked at things like how many sold liquor or had bakeries or pharmacies. It helped us politically because we could answer questions and justify when we got involved," Bennewitz said. As an example, when an issue related to fumigating plants for fire ants arose, the association knew it needed to get involved because of the number of its members with floral departments. "At the time, the largest florist in Arizona was ABCO," Bennewitz recalled.

With the 1990s came increased services, including pre-packaged meals, in-store banking, coupon wars and store cards. By the mid 90s, even the chains found themselves adjusting to the changing marketplace. Bashas' now boasts four formats -- Bashas', Food City, AJ's and Dine -- each designed to cater to a specific customer. Fry's, Safeway and Albertson's expanded their offerings to include gas station facilities.



Once a leading brokerage house, Bromar is among the many that have gone by the way side.

While the retail scene was undergoing seemingly ongoing changes, so was the brokerage community. Here, the name of the game was consolidation, followed by going national. Names such as CBS, Collins, Benford & Gray and others have gone by the wayside as Advantage Sales & Marketing has risen to the forefront.

Change continued to be the theme for Arizona's food industry during the 1990s – and most would agree, even up to present times. In 1995, the RGAA changed its name to the Arizona Food Marketing

Alliance (AFMA) in order to better reflect its membership, which was no longer only independent retailers but also grocery and convenience store chains, suppliers, vendors and others. Just two years later, in 1997, AFMA's Education Committee formerly established the Arizona Food & Drug Industry Education Foundation, which to date has awarded more than \$300,000 in scholarships and tuition reimbursement to launch and enhance food industry careers. By the end of the decade, familiar names such as Smitty's, MegaFoods and ABCO were no more. Fred Meyers Marketplace made a brief appearance only to be sold to Smith's which converted to the Fry's banner, and Albertson's acquired American Stores and Osco Drug Stores.

"We've had a lot of chains come into town," summarized Hagel.

By the time the millennium had drawn to a close, the industry born out of general stores and trading posts had grown to include businesses of all sizes and scopes. Ever-evolving and always changing, it had chugged through the decades much like the railroad that heralded many of its earliest members.

Most importantly, the state's food industry had woven an intricate pattern through time – a pattern beautifully intertwined with the trade association that serves it, the Arizona Food Marketing Alliance. ■



Board members stand proudly before a banner with the association's new name in 1995.

Arizona Cart Retrieval Company



Tom Martinet (2001 – Current)
General Manager

Tom is responsible for the overall operation of the Arizona Cart Retrieval Company. He interfaces with customers, government officials, sub-contractors and neighborhood groups.

Tom is a graduate from California Poytechnic University at Pomona with a Bachelor of Science degree in Industrial Engineering.



Greg Colyar (2002 – Current)
Field Agent

Greg is the troubleshooter for ACR handling customer complaints and interfacing with subcontractors and apartment managers. He is also responsible for new customer development and hot-line follow-up to insure consumer satisfaction.

RGAA/AFMA

Executive Director/President
1943 - 2003



Clyde Killingsworth
1943 – 1946



Bill Matthews
1946 – 1975



Lou Combs
1975 – 1979



Paul Bennewitz
1980 – 1996



Dwayne Richard
1996 – 1998



Rich Jennings
1999 – Current

Meet the Staff

Arizona Food Marketing Alliance



Richard Jennings,
President
(1999 – Current)

Rich became president of the Arizona Food Marketing Alliance in January of 1999. As president, he is responsible to the Board of Directors for the effective conduct of the Alliance. He plans, organizes, coordinates and directs the programs and activities of AFMA as they relate to Legislation, Regulation and Education.

Rich is a graduate from Biola University with a Bachelor of Arts Degree. He has twenty-three years of experience in the grocery business having worked in senior management positions throughout his career.



Debra Roth,
Director of Administration and Education/Editor
(1985 – Current)

Debbie began her career with AFMA in January of 1985. She oversees the administrative operations of the AFMA office and serves as the key contact person for fielding member questions.

She coordinates the SCF (State Comp Fund) Safety Committee and organizes the state Bag-off Competition. As Director of Education, she administers the Foundation's scholarship and tuition reimbursement programs. As Editor, she plans, writes, designs and generates advertising support for the Arizona Food Industry Journal and the Arizona Food Industry Directory.

Debbie is a graduate from the University of Illinois with a Bachelor of Arts Degree in History and Certification for Secondary Education.



Raynetta Hughes,
Customer Service Coordinator
(2001 – Current)

Raynetta began her career with AFMA in June of 2001. She is responsible for the day-to-day operations of the Coupon Redemption Service. In addition, she fields member questions, provides support for special projects and serves as hostess for all in-house functions.



Kathy Harned,
Director of Marketing
(2001 – Current)

Kathy began her career with AFMA in October of 2001. She is responsible for sponsorship, membership development and assisting with advertising sales.

Kathy is a graduate from Wayne State University with a Bachelor of Science degree in Communication Arts with an emphasis on radio and television.