





CHAPTER FIVE

THE FIRST SUPERMARKET

1958–1962

1. Opening day specials at North Balwyn, Vic., included Kraft cheddar cheese 'well below cost!' for 1 shilling, 6 and a half pence per 8-ounce packet; Kelloggs cornflakes, 16-ounce packets for 1 shilling, 11 and a half pence; and Bushells first grade tea for 5 shillings, 9 and a half pence.
2. Beilbys in the suburb of Colonel Light Gardens, SA.
3. A 'new invention' brought to Australia by the increasing number of European migrants in the 1950s, Coles embraced the 'coffee culture' and opened a range of Espresso Bars.
4. Newspaper advertisement for the opening of the Dickins Supermarket in North Balwyn.
5. Edgar Coles' knighthood, 1959.
6. The five Coles knights, clockwise from top left: Sir Kenneth, Sir Arthur, Sir Norman, Sir Edgar and Sir George.
7. Coles Chairman Tom North received his knighthood in 1982.

In the 1950s and 1960s, Australia began coming of age. Post war confidence, coupled with a migration boom from continental Europe, resulted in more demand for goods and services – and for food.

Through the 1950s, canned fruit and vegetables were common, and 'meat and three veg' graced most dining tables. But with the arrival of migrants from all over the world, food tastes began – slowly at first it must be said – to change. By the late 1950s and into the 1960s, a move towards fresher produce began to take place, as did the gradual proliferation of delicatessens serving salami, pickled gherkins and wait for it... even garlic! Instant coffee – and then fresh coffee – began to overtake tea as the country's national drink.

By the late 1950s only about 7 per cent of grocers were supermarkets, but having seen the growth of supermarkets in America, Edgar Coles remained convinced that Coles' own future rested in grocery retailing.

Woolworths had apparently come to a similar conclusion, and in 1957 had acquired the Queensland chain of BCC (Brisbane Cash and Carry) to launch its own supermarket business. Edgar accepted that on this occasion Coles had been beaten in the supermarket race by its archrival, but he was not daunted and very soon formed a plan to acquire food retailer Dickins, which operated a chain of fifty-four mostly self-service grocery stores in Victoria.

Coles' purchased the Dickins business in a £3 million share deal in March 1958, enabling it to become the supreme retailer once more with over 300 stores. The media correctly assessed Coles' move as 'a counter attack against Woolworths', and Sydney's Telegraph reported: 'The battle of the self-service food stores may now be really on...'

The main challenge in selling food was its perishable nature, which required a high turnover. A new ordering and warehousing system had to be established, as did new systems of display, pricing, packaging and accounting. It was not simply a matter of establishing efficient systems; there was a whole new opposition to meet and new suppliers with whom to establish relationships. Coles' variety division was well experienced in meeting all competition, predicting the oppositions' moves and ensuring that Coles was always one step ahead. Edgar was cautious not to rush blindly into this new field, observing in 1959 that 'The trend towards supermarket retailing in Australia has been watched very carefully by this company... it would have been very easy for us to get carried away by what we have seen overseas, and rush in to apply these new trends of self-service, "one stop-shop", supermarket et cetera. It has always been my belief, however, that we should hasten slowly with new and revolutionary ideas'.

Coles' confidence in food retailing was underpinned by its successful cafeteria division, but as part of his 'hasten slowly' strategy, Edgar made a concerted effort to equip his employees with the skills required to run grocery stores. Many with obvious potential were sent abroad to study overseas trends.

Knightly leaders

In 1957, GJ Coles became the first of the Coles brothers to be honoured with a knighthood recognising his services to commerce and the community.

Soon after, the Queen's Birthday Honours List of June 1957 recognised the contribution of another Coles brother when Kenneth was dubbed a knight. He received his knighthood personally from Her Majesty the Queen at an investiture in Buckingham Palace 'in recognition of services to charity and commerce in the Commonwealth of Australia'. On November 10, 1959, Coles' enigmatic leader Edgar was knighted in Canberra by the Governor General, Sir William Slim. A fourth brother, Arthur received his knighthood in 1960, and the fifth, Norman joined the party in 1977. The Coles brothers are recognised in the Guinness Book of Records for this incredible achievement that is testament to the ethics and values of the family.

On top of that, Edgar's wife Mabel Coles was also knighted in her own right to become Dame Mabel Coles for her services to the community, mainly the Royal Women's Hospital.

In January 1982, Tom North became another Coles' chairman to be knighted for 'distinguished service to the retail industry'.



1.



DID YOU KNOW?

Matthews Thompson founded in 1921 as a manufacturer and wholesaler. In 1934 it branched out into grocery retailing, following with country department stores and a number of wine and spirit businesses. At the time of Coles' acquisition, Matthews Thompson owned the licence for Bells Whisky. Coles' decision to sell this licence was one it would later regret.

2.

Special Lottery 690: Page 44

Daily Mirror THE INDEPENDENT NEWSPAPER

COLES WIN BATTLE OF THE GIANTS Victor!

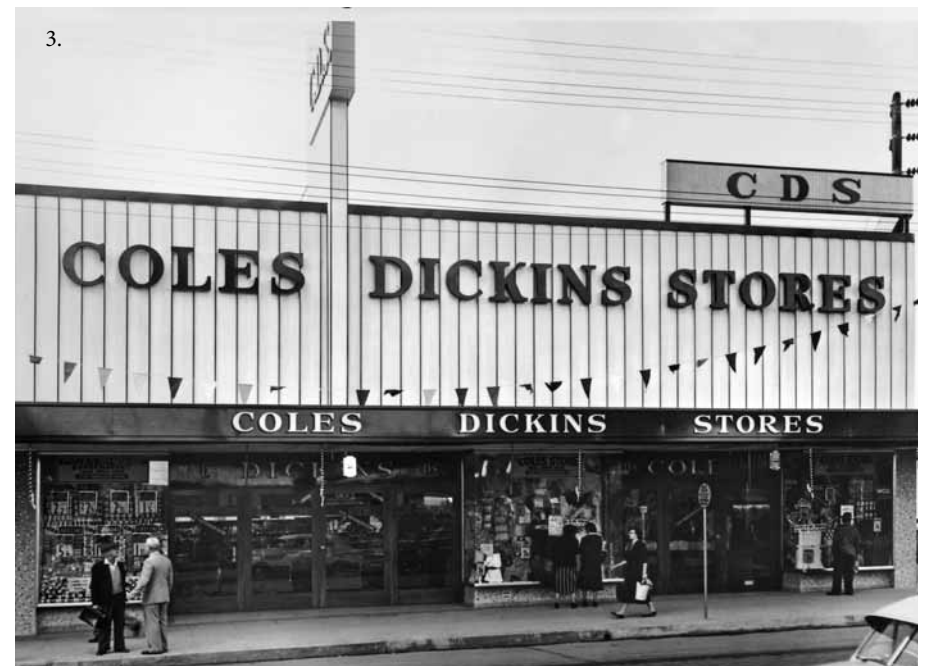


G. A. Coles and Co. Ltd. won the battle of the giants today when Woolworths Ltd. withdrew after making their last bid to take over Matthews Thompson and Co. Ltd. The Managing Director of Woolworths (Mr. Thos. Kelly) said emphatically this morning that his company had no intention of increasing its 63.3 million offer made yesterday for the grocery chain.

Financial observers say Woolworths may have won the battle of tactics because Coles — who bid £9.2 million — may have been forced to go too high.

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3.



1. North Balwyn was Coles' and Melbourne's first free-standing supermarket when it opened on March 3, 1960 as a Dickins supermarket. Within a few months it had become established as a focal point for miles around. The store exceeded expectations as a single-standing, 'one stop' shopping area. Unlike the original Dickins outlets, it sold a range of meat and other fresh foods.
2. Purchasing the Matthews Thompson business was a big deal when it was acquired in 1960.
3. One of the new Coles Dickins stores in Penrith, NSW, July 1959.

Meanwhile, on February 25, 1959, Coles opened its first Coles Dickins Store for self-service food in Grafton, NSW. The store name was abbreviated to 'CDS', with the slogan 'Pay less at your CDS': a grocery retailing revolution was hastening slowly forward.

It was the company's intention to open Coles food stores throughout Australia in a similar fashion to the variety stores. Consequently, on July 16, 1959, Coles acquired all the shares of Wilkinson & Co. Limited. Wilkinson's S.O. Beilby Ltd. grocery chain owned seventeen self-service stores and supermarkets in Adelaide and its suburbs – Coles was spreading its wings to serve even more of the Australian community.

With the Wilkinson acquisition in 1959, the total number of stores operated by Coles and its subsidiaries rose to 318. New Beilby outlets were quickly opened, most with car parking facilities adjacent to stores. An increasing number of Australians were living in the suburbs, and therefore getting to the shops by car rather than by foot, train or tram.

SE Dickins

Established in Geelong in 1920, the Dickins business was a family concern, and one of the few with a woman on its Board. Miss Nina May Dickins, niece of the firm's managing director, had begun her career as his secretary before joining the Board. Managing Director Sid Dickins began his career in retailing working for Harry Hooper, one of GJ's friends from his Geelong days. Sid was an extremely talented retailer and much loved by his staff, and when Coles acquired the Dickins business, they asked Sid to stay on and run the grocery stores. He remained with Coles until 1962.

As Coles' army of employees grew, greater attention was placed on training and development. The acquisition of Beilby was not only great for the company's revenue streams; the talents of many young Coles executives were tested in the Beilby chain. As had been the case since 1914, Coles' leaders were active in the day-to-day business, and one who worked in Beilby's, Brian Quinn (who would go on to lead Coles in decades to come), remembers Edgar with great admiration: 'I was in awe of him. He was a giant of a man. My first encounter with him was quite humorous... I was managing Enfield [in South Australia] and I received a call – Sir Edgar and the entourage were in Gawler. I was told we were to have Sir Edgar in our store and we had to supply morning tea. I got one of the girls to spruce the staff room up and get some jugs and stuff like that off stock and we got some Arnott's cream biscuits. In due course they arrived and it went successfully. But Sir Edgar left an impression that I have never forgotten, because not only did he eat all the biscuits but he picked up the jug of milk and drank what was left in that as well!'

Supermarkets arrive

By the late 1950s, 93.3 per cent of merchandise sold in Coles stores was sourced in Australia. Coles was proud of its heritage, but changing trends had begun affecting trading methods. By 1958, over 165,000 new cars had been registered in Australia and so the provision of adequate parking facilities close to retail trading areas was a growing concern. As usual, however, Coles

had its finger on the pulse. In 1960, the company opened the first freestanding suburban supermarket – complete with carpark – to immediate acclaim.

The North Balwyn store was the first of Coles' true supermarkets in that it combined variety merchandise with food items – a revolutionary idea at the time. It was Edgar's plan that eventually Coles would run a chain of supermarkets that would allow a housewife to make one single shopping trip for most of her weekly needs, be they foodstuffs or variety goods. Needless to say, it was a very popular idea!

'SINCE 1914, THE FOUNDATION OF THE COLES BUSINESS HAD BEEN SIMPLY TO PROVIDE PEOPLE WITH WHAT THEY WANTED..'

And the timing was perfect. As Australia continued to undergo its transition into a multicultural society with people living in newly created suburbs, happy to drive and increasingly aware of the wider world around them, many businesses positioned themselves to profit from the changes. Since 1914, the foundation of the Coles business had been simply to provide people what they wanted with the best possible value. As the 1950s ticked over into the 1960s, the company was staking everything on the idea that grocery shopping was here to stay.

To that end, the Coles Board continued to search for expansion opportunities in food retailing, particularly in NSW where it didn't have much of a footprint. If this new form of retailing was the way of the future, then they had better get on and do it properly, so decided to pursue Matthews Thompson, the premier food retailer in NSW with around 250 stores across the state.

Woolworths was on the same path. On July 7, 1960, Edgar telegraphed the London office with an encoded message of Coles' results and including the note: 'Theo [Kelly, Woolworths' boss] bought Matthews Thompson for one total issue eight million shares only Post Office in front now'. With the acquisition of Matthews Thompson, Woolworths had nearly as many branches as the Post Office!

But Coles remained undaunted. Company Director Kenneth had personal contacts with Matthews Thompson and the persistent streak shared by most in the Coles family – he would not be giving up without a fight. Determined that Coles should obtain a stronger standing in NSW, a special Board meeting was called in Melbourne where Kenneth was able to convince his brother Edward that Coles must better the Woolworths bid. The next morning Edward and Bern Lake, Coles' real estate controller, were chauffeured to Sydney by Dave Anderson in Edgar's Cadillac to put an offer to Matthews Thompson, and on the next day a takeover proposal was thrashed out. There were bids and counter-bids and speculation in the media for many weeks as Matthews Thompson considered its options. Coles' Gordon Coulthart (who at the time worked with Matthews Thompson) recalls the public interest throughout the episode wryly: 'We bought a lot of papers in those days, and we had a new boss every time we looked up!'

On the morning of Thursday August 4, 1960 Sydney's Daily Mirror blasted 'COLES WIN BATTLE OF THE GIANTS' on its front page. The feature included a large photograph of Sir Kenneth Coles, 'Victor!' and a smaller one of the vanquished Theo Kelly. In its late final extra the paper again ran the story as front page news, this time with the headline: 'COLES WIN! The men who talk in millions.' Again a photograph of Kenneth appeared, this time with the caption: 'He won! Sir Kenneth Coles all smiles today after his company wins the fight for Matthews Thompson and Co. Ltd.' Kenneth was quoted as saying he believed that Coles' £9.2 million bid would not be bettered by Woolworths. It was now simply a matter of waiting for Matthews Thompson's response.

In the end, Coles won out, acquiring 253 stores in NSW and two in Victoria. The grocery stores were managed under the umbrella firm of United Groceries Limited. The country department stores included Reid Smith Pty Ltd, W Adams & Sons Pty Ltd, Bitcons Pty Ltd and Tricketts Pty Ltd. The deal may have been

Did you know?

By 1960, 90 per cent of Australian homes had a fridge, complete with a small freezer box. Fridges and freezers had to be defrosted every week before they became one frozen-over chunk of ice, but no-one thought the task an inconvenience – being able to keep food fresh for longer was worth any effort! The proliferation of fridges and freezers also brought about the creation of pre-packaged meals and frozen vegetables, all of which were snapped up by an eager public, thrilled by this latest form of convenience.

an amicable one as far as Matthews Thompson and Coles were concerned, but Woolworths' Theo Kelly was furious.

The transaction was a significant one. The acquisition gave Coles the necessary buying power in groceries to expand its food interest with confidence, and bought the company a range of grocery outlets, general stores, department stores, liquor interests and manufacturing concerns.

Up and coming Coles man Bevan Bradbury, who would go on to lead the company in later years, remembers the difficulties of combining the opposing mindsets of traditional variety and new-world food retailing: 'One of the problems I had with the Matthews Thompson group was to try and stop Coles people interfering in the running of the grocery business because the view of many Coles people was you'd simply move in there, put Coles systems in there, and away it would go. Coles systems were for a highly profitable variety business; in food you had very small profit margins, and trying to impose Coles systems would have been disastrous.'

The success of Coles in NSW with its Matthews Thompson coup increased the company's visibility in that state. In Victoria, Coles continued to thrive and right across the country, the company was well on its way to becoming a household name.

Coles Food Markets

In 1961, Coles made the decision to change many of its store names to 'Coles Food Markets', with a view to embracing all of Coles' grocery interests under the one banner. All Beilby and most of the former Matthews Thompson stores became Coles

Food Markets, however most SE Dickins stores continued under that name for many years to come. It would not be long before there was a Coles Food Market in every Australian state and every major Australian city.

On Australia Day 1961, Coles expanded its new retailing philosophy further across Australia when it reopened the revamped Store No. 30 in Hobart, Tasmania with an expanded range and a new cafeteria. The company invested some £1 million in the new Elizabeth Street 'super store', which had four customer entrances and a total floor space of around 1.5 acres. Its 230-seat cafeteria was Hobart's largest. It was such big news on the Apple Isle that the opening was a televised event!

Frank Lowy, founder of the Westfield group of shopping centres, has had a long association with Coles, and remembers the company's first steps into food retailing. 'Coles came into our first centre in Hornsby in 1960. We were fortunate to develop a strong relationship at an important time for both of our companies. Westfield was starting out and Coles was looking to grow – especially into Sydney. I would go around Sydney with Sir Edgar and he would point out where he wanted to open a supermarket, and we would do it! Well, it wasn't quite that simple, but as we continued to build Westfield centres, we opened seventeen Coles supermarkets in three years in the early sixties, so in fact, we both got the job done.

'Our relationship grew from wanting the same thing: growth. We were able to grow together as businesses that needed each other and it has been a wonderful collaboration over fifty years. Going back to my first contact with Sir Edgar, Coles has understood the importance of building long-term relationships and has had the ability to stay close to its customers.'

Remember when...

1958 – Robert Menzies becomes Australia's Prime Minister.

1960 – Australia's population zooms to 10.4 million, with the majority of people now living in new suburbs on the fringes of capital cities.

1961 – The East German Government erects the Berlin Wall to stop its citizens fleeing west for a better life.

1961 – Russian Alexetevitch Gagarin becomes the first man to go into space.

1961 – The Beatles perform for the first time; the music industry will never be the same again.

1962 – Australia joins the Vietnam War.

But despite the optimism and the foothold Coles Food Markets was gaining, the brand would soon just become an interesting fact of history. With a receptive buying market, an accommodating government, a loyal staff and a highly skilled management team, Edgar Coles realised that he had the perfect opportunity to launch a concept that would be worlds away from what had gone before.

Always searching and never satisfied, Edgar and his management team had plans for an even more innovative food venture that would take grocery food retailing in Australia to entirely new levels.

1.





1. Edgar Coles in front of one of the many stores he opened during the sixties.
2. Opening day at Store No. 130, Sydney, November 1961. At the time, this store was the largest variety store in the world, staffed by 1000 people serving a crowd of over 3000 when the doors swung open. The selling area was 3.25 acres!
3. There are bargains in here! Glenroy, Vic., 1960.
- 4/5. Tasmanians went crazy for the opening of their Hobart store – the event was even televised! January, 1961.
6. Happy customers despite the queues in Coburg, Vic., 1961. Cigarettes advertised for sale at the checkout are a thing of the past today.
7. A Coles Food Market in the early 1960s. Manly, NSW.





On July 6, 1960, Coles launched its own television quiz show called *Coles £3000 Question* (later *Coles \$6000 Question*), a half hour program presented each Wednesday night in four states. The show was based on an American game show that Edgar had viewed many times during his travels. Featuring two 'attractive, sunny-natured housewives, Beverley Robbins and Janet Mead', the show became the richest cash quiz in Australia. It took eighteen months to plan and after only twenty weeks on air the show had climbed to third place in the country's top national TV shows.

Advertising for and during the show promoted Embassy products and other Coles house brands and as an advertising venture, the show was an enormous success. It was also a great vehicle with which to promote Coles' leader, Edgar. The *Financial Standard* of September 8, 1960 commented: 'Victor in the Woolworths-Coles battle for Matthews Thompson, Sir Edgar Coles has been better known to the Australian public since he sponsored Coles' £3000 Question on a national television hook-up. Before this cash quiz, which he introduced in person, he was seldom in the limelight outside the business world.'

Coles has never shied away from creative promotional techniques, including launching a new competition in 1966 called *New World Jackpots*. It was the richest customer competition to be held by an Australian retailer at that time, with prizes to the value of \$31,000. The public was extremely receptive to the promotion, eagerly seeking the matching tickets that would make them rich! The promotion was yet another way the company connected with the community.

On June 1, 1970, *New World Temptation*, an afternoon quiz show sponsored by Coles, began on Channel 7. Contestants, who were all housewives, vied for prizes such as a Holden Monaro car. Tony Barber was the compere and Barbara Rogers was 'the attractive hostess'. During the half hour programme, there were four 60-second Coles commercials featuring the current week's specials, other promoted Farmland food and Coles' 'satisfaction guaranteed' promise. The show was the forerunner of what was to become Australia's most popular quiz show, *Sale of the Century*, also compered by Tony Barber.

Coles has continued interest in television marketing with a range of shows including sponsorship of the phenomenally successful *MasterChef* and *My Kitchen Rules*.