

GENERATION Y

May 23, 2011 12:00 PM, By JON SPRINGER

Big Y celebrates 75 years of local tastes and 'World Class' service

Named for a Western Massachusetts intersection where roads came together to resemble a “Y,” [Big Y Foods](#) can be seen as a company reaching out toward diverging paths, and at the same time, a destination for arteries in all directions and the far-flung visitors they bring.



In 1936, Paul D'Amour (right) purchased 900-square-foot Y Cash Market in Chicopee, Mass. (Photos courtesy of Big Y)

Either interpretation would be an accurate metaphor for Big Y, which is celebrating its 75th anniversary this year as a company reaching out for new growth opportunities, innovative programs and “World Class” stores, but firmly rooted behind continuous family ownership, local community support and its position at local crossroads throughout New England.

The company today operates 58 supermarkets — 29 each in Massachusetts and Connecticut — along with two stand-alone drug stores and two specialty stores. It has estimated annual sales of \$1.5 billion. Observers describe Big Y today as a survivor whose pluck, innovation, opportunism and attention to local tastes have positioned it as a strong regional player in a New England market where competition is heating up and

several counterparts have struggled. “Big Y is the shining example of the great American success story,” Michael Bozzuto, chief executive officer of Bozzuto's Inc., Big Y's primary supplier, told SN. “As a family owned and operated business, they are avid supporters of the communities they serve. And their longevity is an absolute tribute to how well they take care of their customers and their associates.”

Big Y traces its history to 1936, when Paul D'Amour, a 30-year-old route salesman for Wonder Bread, pooled family resources and purchased a 900-square-foot corner market known as the Y Cash Market in Chicopee, Mass. With help from his younger brother Gerald and their sisters Ann Marie, Yvette and Gertrude, the family tripled the size of the store by 1940 and increased sales 20-fold.

Co-founders and brothers Gerald and Paul D'Amour adopted the self-service supermarket format in 1950.

The company incorporated as Big Y in 1947 when it opened a second market, and made the move to the self-service supermarket format in 1950, when it opened a 10,000-square-foot location in Chicopee. By 1960, Big Y was on its way to becoming the market



leader in Western Massachusetts, operating the largest food store in the region — a 31,000-square-foot supermarket in Northampton where Big Y is still doing business today. It also expanded into the wine and liquor business.

In the late 1960s Big Y more than doubled in size, acquiring the seven-store Jumbo chain in 1968. Donald D'Amour, Paul D'Amour's son, joined the family business on a full-time basis at around the same time. Today Donald D'Amour is chairman and chief executive officer, and his cousin, Charles D'Amour, a son of Gerald's, is president and chief operating officer. Several of their siblings, as well as their children, hold key positions at Big Y today. Paul died at age 84 in 1991; Gerald died last year at age 90.

In an interview with *SN*, Donald D'Amour said the Jumbo purchase was a “traumatic” experience but one that ultimately set the stage for Big Y’s transformation to what it became today.

“[Paul and Gerald] were a couple of entrepreneurs at that point who'd grown organically. [The acquisition] forced us to look internally and ask what our future was going to be,” he said. “It was a change, and frankly we decided after that to take a little more active role — to not just go into work every day with our fellow employees, but to take a new role. We started to develop all kinds of programs for employees. We started an orientation program, an employee handbook, benefits, retirement loans, profit sharing, etc.”

Donald D'Amour said those changes — what he described as “taking an active role to become a partner with employees” — has served Big Y well as it expanded through additional acquisitions since then. At the same time, the process of improving those acquired assets reinforced the strength of family ownership, according to Claire D'Amour-Daley, a daughter of co-founder Gerald and Big Y's director of communications.

“Early on we had two families, and we had to learn to make it work. And when the second generation — Charlie, Don and myself came along — we not only saw Paul and Gerry get along, but we were acquiring chains of family businesses and seeing what happened when they didn't get along: We saw them fail,” she said. “We understood the importance of that and committed to continue that legacy, so we work to make it work.”

“This business is not for everybody, but if you are interested and want to have a role, we work to make it work,” she added. “Right now we're blessed with five third-generation members who are working in the family business. And it's great to see the business get larger and have room to nurture that next generation.”

Big Y's acquisitions led the company to Connecticut for the first time in 1984. Later that year, Big Y purchased the Adams chain in Berkshire County, Mass.

Tradition in Education Support

By the time Big Y celebrated its 50th anniversary in 1986, it was the largest supermarket chain in Western Massachusetts and growing behind an emphasis on technology and new store formats. It



Many family members have followed in the footsteps of Paul and Gerald D'Amour.

launched a customer loyalty program in 1990 known as the Express Savings Club that at the time was a leading-edge technology generating “national attention and astounding growth,” Big Y said.



Big Y tied its technological efforts to its charitable endeavors by pioneering a program awarding area schools with donations of equipment based on point-of-sale data from its stores. Launched in 1993, the Education Express program is part of a longstanding emphasis on education at Big Y.

That same year, Big Y launched the Homework Helpline, a toll-free one-on-one tutoring service staffed by 25 certified teachers guiding nearly 10,000 students through homework problems every year.

A focus on education is deeply rooted in the D'Amour family. Michele D'Amour, wife of CEO Donald, explained Big Y's philosophy on supporting education in an article published by Assumption College Magazine, Donald's alma mater.

“From a corporate and personal philosophy our focus is on education because without well-educated future customers or future employees the economy won't thrive as it should, so it's important for us to make sure these constituencies are well-educated,” she said.

Big Y has been providing merit-based scholarships since 1981 and endeavors to provide workers with tuition assistance and opportunities to advance within the company. In 2008, Donald and Michelle D'Amour made a gift of \$4.2 million to Assumption College — the largest gift in the institution's history — establishing a faculty development fund and a chair focusing on Catholic intellectual tradition.

Donald D'Amour holds a doctorate in philosophy from Notre Dame. “There is a mental training and a discipline that is involved in that exposure, especially an awareness of human nature and frailty. I think those are the two most important areas that help on the business end, and many business grads don't benefit from that kind of liberal arts background,” he told Assumption Magazine.

“When you're dealing with some of the weighty issues in philosophy — such as ‘who we are’ and ‘why we're here’ — the smaller, business challenges that arise don't seem so difficult in comparison.”

'World Class' Market

Big Y in 1993 made a bold move to distinguish itself from competitors, introducing a high-service store format it called the “World Class” market. Introduced in Springfield, Mass., after three years in development, the store featured expanded perishable presentations, an international eat-in food court, expanded departments for floral and an international newsstand.

Though the format has evolved since 1993, most of Big Y's stores since 1993 have been built or converted to the World Class banner. Matthew P. Casey, president of Clark, N.J.-based supermarket site specialists Matthew P. Casey & Associates, said the stores have assured Big Y a distinct feel from competitors.



“In their contemporary stores they have a real nice perishables presentation. They put a lot of time, effort and energy into their presentations, decor and ambiance,” Casey said. “They are a lot nicer stores than the typical Shaw’s or Stop & Shop that you find up in New England.”

Big Y is a high-low operator known for hot weekly specials and a longstanding rewards program that awards shoppers deals after they earn and redeem gold and silver coins at the register through purchase thresholds and an instant-win game. This Express Rewards program took on a new wrinkle when Big Y this spring offered a fee-based version of the club that would automatically apply discounts to items on the silver coin rewards program without needing to redeem coins, as well as additional benefits, for a \$20 annual fee. This innovation was a first among supermarket operators.

“We were trying to think of a way to reward loyalty and make the [rewards] process simpler,” D’Amour-Daley said, “and thought could we sweeten the deal with a more exclusive membership.”

Burt P. Flickinger, managing director of Strategic Resource Group, New York, said product selection — along with availability — further distinguishes Big Y from competitors. This is evident in the retailer’s programs for fresh seafood and in support for local products such as Ken’s salad dressing, which originated in a Framingham, Mass., restaurant and gained regional distribution at stores including Big Y.

“They helped put it on the map, locally and regionally,” Flickinger said. “They encourage local manufacturers and entrepreneurs that could be the next Cape Cod potato chip or Odwalla drink to get that local distribution without the high slotting allowances that other chains in New England are so well known for. I think they get a lot of support from the community as a result.”

Big Y experimented with a new concept in 2006 when it debuted the Fresh Acres store in Springfield, Mass. This store puts additional emphasis on local products as well as natural/organic selections in a well-appointed atmosphere including wood floors.



Big Y has historically been an opportunistic acquirer, focused on small acquisitions and subsequent turnarounds. Its purchases included four Connecticut A&P Super Foodmart stores in 1993, and another seven A&P stores late last year — four of which have reopened under the Big Y banner. Its development schedule is particularly busy at the moment, with new stores planned for Lee, Foxboro, Franklin and Holyoke, Mass., as well as Meriden, Conn. Big Y’s

new stores represent an investment of around \$12 million to \$15 million. The company is also looking for opportunities to expand its wine and liquor specialty store, Table & Vine, Donald D’Amour said.

The recent development spurt was fueled in part by cost savings undertaken during the economic slowdown when Big Y — along with many of the communities in which it does business — felt the effects of the recession. The company in 2009 launched a voluntary layoff program that offered

employees agreeing to a layoff the eligibility for rehiring if the economy and sales improved. It also closed some stores.

“Big Y’s done an excellent job weathering the tough economic times,” Flickinger maintained. “Every one of its major competitors also closed stores, from Stop & Shop to Shaw’s to A&P. Everyone saw supercenters open against them, and areas with a lot of key jobs lost in Massachusetts and Connecticut. In that light, Big Y made good decisions to close stores that had once been moneymakers that become more marginal, and they invested in stores with better opportunities. They also acquired stores that were underperformers for companies like A&P that they can turn into better stores.”

Flickinger cited additional supercenter openings and format adjustments — particularly from Target — as a source of concern for all New England food stores in the near future. The arrival of Wegmans to Massachusetts later this year also threatens to shake up the supermarket scene in Big Y’s area, although Flickinger said he suspects Big Y has enough local equity to benefit from its arrival.

“When Wegmans drops its big-box bombs on the marketplace, it will be spectacular, and it will be the worst nightmare for their supermarket competitors,” Flickinger said. “Big Y will continue to increase sales and share.”

The D’Amours acknowledge that competition in the area is rising, but said they are prepared to battle by keeping their customers and communities satisfied.

“We’ve seen a lot of competitors come and go,” Donald D’Amour said. “We’re seeing a lot of pure price operators today. We want to be more than competitive price-wise, but we have other layers of competitive strengths that competition can’t match, particularly how we treat our customers.”

Big Y At a Glance

Founded: 1936 in Chicopee, Mass.

Headquarters: Springfield, Mass.

Stores: 62 (58 supermarkets, 2 drug stores, 1 specialty food store (Fresh Acres), 1 wine and liquor store (Table & Vine))

Key Executives: Donald D’Amour, chairman and chief executive officer; Charles D’Amour, chief operating officer; William White, chief financial officer

Annual Sales (estimate): \$1.5 billion

Employees: 10,000