

We expanded

by economic necessity . . . one store was not going

to do it.99

(From left to right): Ron, Dan, Bill and Bob

1950

Start of the Baby Boomer generation through 1964

1946

### Chapter 4

# Expansion Begins

The Coborn brothers began their leadership of the family business during a decade marked by the Vietnam War, social revolution and consumer activism. The decade would later become known as the "golden years" in the grocery industry with soaring sales. The birth rate had been rising and grocery store sales outpaced the baby boomer generation by nearly three times. Grocery sales nationwide reached nearly \$62 billion by 1964, according to reports by Progressive Grocer magazine. These increased sales came without compromising the consumer's pocketbook with higher prices.

"This dramatic comparison is not only a direct and powerful testimony to the truly competitive nature of food distribution, but it is also, in our opinion, a reflection of the constant drive for more and more efficiency and greater cooperation within this biggest U.S. industry," Progressive Grocer wrote in its January 1965 issue.

Looking back, the opportunity for expansion was evident with a boom coming in the Minnesota communities that Coborn's served and the grocery industry as a whole. But the Coborn brothers took the helm at the cusp of this growth, not knowing what the next few years would bring. They had the drive and the desire. They were facing a need to grow their business in order to provide incomes for each of them and their families.

"We expanded by economic necessity," said Dan Coborn, president of the company at the time. "We needed to provide for four families and one store was not going to do it."

Image: Sector Sector

Coborn brothers begin developing growth strategy



Above is the Red Owl logo, which represents a grocery store chain in the United States with stores throughout the upper Midwest. The Coborn brothers purchased and converted the Red Owl in Foley, Minnesota into its second Coborn's grocery store location.

## U.S. Grocery Sales Soar

## Ten-Year Sales Trend





Total Number of Grocery Stores in the U.S.



Average Sales Per Store

### Strategy for Growth

Early in 1960, the Coborn brothers began developing a growth strategy. They based it on market opportunities and demographic studies of niche markets where they believed they could be the dominant grocer. They looked at nearby communities in Minnesota and surrounding states in the upper Midwest. They desired to expand quickly and believed acquisitions would provide the best path.

> The first opportunity came in the summer of 1963 when Russ Wieser, the owner of Red Owl grocery store in Foley, Minnesota looked to sell his business. The store served a community about 20 miles northeast of the original



St. Cloud Times Photo: Top Hatters pay official visit to the building site of Coborn's Fifth Avenue in St. Cloud 1963

**TOP HATTERS VISIT NEW COBORN STORE** —The Top Hatters paid their official visit to the Coborn brothers. Coborn's are building a new Super market on Fifth avenue south, the

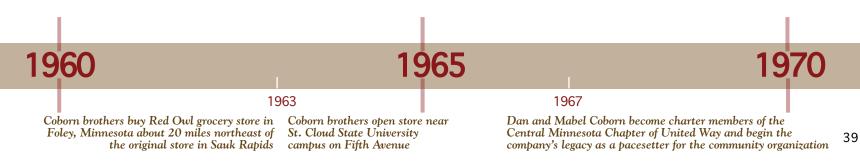
former site of the street car barn. It will open in about a month. Pictured are (left to right) Dan Brutger, William, Ron, and Dan Coborn, and James Mitchell. (Times Photo)

Coborn's store in Sauk Rapids and would allow the Coborn brothers to bring their small town values and commitment to customer service to a neighboring community. Interested in a pursuing a career in education, Wieser sold the business at a reasonable price to the Coborns and later became superintendent of Foley schools.

At the same time, the Coborn brothers became interested in a property near St. Cloud State University and downtown St. Cloud. They saw the potential of serving students at the university and in the surrounding neighborhoods. Soon after they opened the Foley store, they bid on an old brick building, formerly a street car barn, on Fifth Avenue in St. Cloud that the local power company, Northern States Power, had been using. Coborn's won the bid and opened another store there in October 1963.

"Ever since it opened, I've shopped at Fifth Avenue Coborn's," Maxine Wenstrom, shared with the local newspaper three decades later. "The friendly atmosphere, excellent merchandise and good prices keep me coming back."

The store made a quick connection with its neighbors, but the volume was not enough to sustain the store's operations. It proved to be a financial drain on the Coborn's business for nearly three years until it began breaking even in the later 1960s.





Opens first liquor store next to Fifth Avenue store in St. Cloud in time for homecoming, connecting the two operations with a common lobby

BORN'S 5# AVE. LIQUOR

#### A New Level

Around that same time, grocers had just begun to introduce wine and liquor departments. By the mid 1960s, Progressive Grocer estimated that the major non-food lines accounted for nearly \$3 billion or 7 percent of supermarket sales.

In 1970, the Coborn brothers took their Fifth Avenue store a step farther by opening their first retail liquor store as a separate operation adjacent to the food store. They secured an optional off-sale liquor

license from Andy Hamm, who owned a liquor store in St. Cloud. The move allowed the company to finalize plans to build a liquor store next to the Fifth Avenue grocery store. The grocery and the liquor stores would operate separately, but would be connected by a common lobby. Coborn's planned to have the new space ready in time for homecoming at St. Cloud State that fall.

The brothers looked outside of the company for liquor expertise and brought on Larry Loesch. Besides a strong work ethic, Larry had many years of experience in the liquor industry and took the lead on establishing the first liquor store for the

company. His guidance proved invaluable for the Coborn brothers as they ventured into this new industry.

Employees worked through the night to prepare for the store's opening the day before St. Cloud State's homecoming.

Top: Fifth Avenue Coborn's Liquor managers in 2004. At left, Henry Hilsgen, who served from 1982-2004. At right, Larry Loesch, who served from 1970-1982.

Bottom: Larry Loesch (center) is greeted by the St. Cloud Chamber Top Hatters in 1970.

The store was ready and employees greeted a stream of customers when the doors opened.

"The thing I remember most about the opening was the first customer," Larry said. "After helping her make a selection, I went to the cash register and opened the drawer only to find that the store had no money."

A quick trip across the lobby to the grocery store to borrow money provided a quick remedy. Sales were instant and steady at the liquor store and helped drive traffic to the adjoining grocery store.

"We took a chance and it worked," Dan said. "The Fifth Avenue Liquor store is what really turned around the grocery store and was the key to making it profitable."

The Fifth Avenue Liquor store's success gave way to a Coborn's liquor store division and a future of liquor stores accompanying the company's grocery stores. Within the first 10 years, Coborn's opened four more liquor stores.

We took a chance and it worked."

anadian Club

### Beyond Food

Supermarkets of all sizes across the nation began to expand beyond traditional food items to offer customers more selection. Here's a look at new items and services that customers begin to see inside their grocery stores in the 1960s:

- Wine and Liquor
- Pharmacy
- On-Site Bakeries
- Service Deli
- Greeting Cards
- School Supplies
- Sewing Supplies
- Flowers
- Plants
- Records
- Toys

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#### Small Feel

Coborn's was becoming a rarity in the grocery industry for other reasons, too. Small independent stores were disappearing. Competition was steep with much larger discount supermarkets beginning to open – and often taking the place of three or four smaller stores. The "big box" grocery store was born. Mergers had become commonplace in the 1950s and did not slow until the federal government stepped up anti-merger threats. By 1970, far fewer small grocery stores remained.

"Coborn's operates an establishment second to none," said Anthony Latta, a former receiving clerk at Coborn's Fifth Avenue store, in a company newsletter at the time. "Their success should be commended. I have worked everywhere in this city, but nowhere else does this employee have a chance to share in the pride of a company like at Coborn's." Latta was mentored by Dan and Mabel Coborn while attending St. Cloud State University. He later went on to a successful military and business career.

Fifth Avenue Coborn's Meat, Produce and Deli departments - 1970





1972 Buys Chet's Town and Country in Willmar; adds 6,000-square-feet for an adjoining liquor store; becomes first grocery store in Minnesota to use scanning at front-end checkouts

1970

Coborn's continued to expand and brought its liquor store concept to a small town store in Willmar, 65 miles northwest of the company's roots in Sauk Rapids. The opportunity came in 1972 when the owner of Chet's Town and Country decided to sell the business. The store marked the company's farthest endeavor to date, nearly four times the distance that previously separated its farthest-away stores. Coborn's operated the store as Chet's Town and Country until it converted it to Cash Wise Foods years later.

The brothers secured a liquor license and added 6,000 square feet of space to the already 12,000-square-foot store in Willmar. The company dedicated 4,000 square feet to an adjoining liquor store.

The move would be bolder than Coborn's initial entrance into the liquor business at the Fifth Avenue store in St. Cloud. This store would not have college students or a downtown in a growing regional center to lean on. It would truly test the company's liquor store format. The risk paid off.



Bob Coborn (center) is greeted by the St. Cloud Chamber Top Hatters at Coborn's on Fifth Avenue - 1970

COBORN'S, Inc.

### What Food Cost

In the 1960s, food cost about one-fourth of what it did in 2010. Besides buying a complete meal at a diner for \$1.30 and a steak dinner for \$6.00, here's a look at the prices at the grocery store:

Campbell's Soup, 6 cans 89 cents
Apples, 3 pounds 49 cents
Chewing Gum, Pack 5 cents
Sugar Donuts, Dozen 49 cents
Toothpaste 50 cents

Opens fifth store know as Centennial Coborn's in space formerly used by Piggly Wiggly in small strip mall in north St. Cloud

1970

Opens first free-standing liquor store, not accompanied by a grocery store, near Crossroads Mall in Waite Park

1975

1974

While mergers and the larger supermarkets became increasingly popular, Coborn's continued to recognize the place of the smaller neighborhood grocery stores like it had with the Fifth Avenue location. The company opened its fifth store in the summer of 1974 in a small strip mall called Centennial Shopping Center on Eighth Street North in St. Cloud. The space had become available after Piggly Wiggly closed the supermarket it had operated in the space.

Nestled in a growing north St. Cloud residential neighborhood, the Centennial store provided residents with a convenient place to shop.

The Coborn brothers saw the potential for growth with the former airport site nearby being developed into residential areas.

OBORN'S CENTENNIA

(Left to right): Mel Midas, Meat manager Paul Miller, Store manager Gordy Midas, Produce manager

St. Cloud Chamber Top Hatters pay official visit to Bill Coborn (center left) and long-time Coborn's employee Store Manager Paul Miller (center right) at Coborn's Centennial store in St. Cloud - 1974

COBORN'S CENTENNIAL

St. Cloud Chamber Top Hatters visit Store Manager Paul Miller at Coborn's Centennial store after store remodel - 1977



Coborn's Liquor staff in the former Town & Country Liquor in Waite Park purchased from Wally Jones.

> Pictured from left to right: Steve Slee Larry Loesch Mike Husen Mike Skuza - 1974

The store originally spanned more than 16,000 square feet and was later expanded by 5,000 square feet to provide additional space for a growing demand for non-food items. As baby boomers filled schools, grocers responded by stocking shelves with school supplies. The idea of providing a convenient one-stop shopping experience began to surface and gave way to grocers adding everything from flowers and sewing supplies to greeting cards and medicine.

The 3,000 square feet dedicated to non-foods at the Centennial store represented the largest non-food department of any store in the company at the time.

### D DAILY TIMES



Coborns opens new location Times photo by Myron Hall Coborns has taken over the supermarket formerly operated

by Piggly Wiggly in Centennial Shopping Center. The St. Cloud Area Chamber of Commerce Top Hatters visited the 45 owners. Pictured are (from left) Henry Mareck, William Coborn, Paul Miller, manager, and Dick Statz.



#### Ken Warzecha, Employee since 1977

I remember my career starting with Coborn's part-time in 1977. I was interviewed by Bob Thueringer above the old Sauk Rapids store. In August of 1980 on a Friday afternoon, I received a call from Dan Coborn. He asked me if I could meet him out in Clearwater (I was the assistant manger at the Fifth Avenue Liquor store at the time). Immediately my mind started wondering, thinking "What have I done?" Of course, I met him out there and he said that the liquor manager in Willmar had decided to move on and asked if I would be interested. I went and checked out the city, called him back and accepted. On September 1, 1980, we loaded up the bread truck at my apartment with Dan Coborn helping us move. I started the job that Monday and got married to my bride of 33 years two weeks later.

I recently celebrated my 35th year of working with this family. I have had the good fortune of recently being promoted to a new position with the company, so I will be leaving the Willmar store but not the Coborn family. Believe me when I say Coborn's truly is part of my life and more importantly, part of family.

#### Refining the Roots

The brothers focused on growing and that meant managing multiple projects at once. While opening the Centennial store, the brothers also led the construction of a new Sauk Rapids store that would accommodate the growing corporate operations. Anticipating the need years earlier, they had purchased land very close to their current store.

The plan called for a larger Sauk Rapids store that would reflect the evolving grocery industry. This meant adding new department concepts to the store, including a scratch bakery, deli and sausage kitchen.

The 25,000-square-foot facility opened in 1974, just a few months after the opening of the company's fifth grocery store in Centennial Shopping Center. Customers quickly embraced the in-store bakery that not only provided fresh, homemade baked goods for the Sauk Rapids stores, but also the two St. Cloud stores and Foley location.

In the midst of this growth and development, Dan saw a need to bring in financial expertise and to hire a corporate controller. Don Wetter, a young accountant from Minneapolis, joined the corporate leadership team two weeks before the company opened the new Sauk Rapids store and moved the headquarters to the store's mezzanine level.

His first office would be the supply room at the old Sauk Rapids store. "When I started, I got to know all the store managers and knew all the numbers in my head," said Don, who previously served as an auditor for the Minneapolis office of the well-known Arthur Andersen accounting firm based in Chicago.

During his time at Arthur Andersen, Don had been involved in a number of audits for food retailers, including Piggly Wiggly, Country Club and a wholesale supplier, May Brothers. After joining Coborn's, he brought the financial reporting in-house and formalized both the structure and process of running reports and analyzing the accounts.

"From the moment I met Dan and started at the company, I saw the opportunity and knew the company was going to grow significantly," Don said. "But it would exceed my expectations."



Don Wetter

...the company

was going to grow significantly... But it would exceed my expectations.<sup>9</sup>

Builds new Sauk Rapids store down the street from the original store and introduces scratch bakery, deli and sausage kitchen

1970

Don Wetter, who would later become chief executive officer, joins as controller

1975