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New Facility Gives Firm Broad Perishables Distribution

Penn Traffic Profits
from
Kom International Expertise

PERISHABLES

A new 142,000-sq.-ft. perishables distribution center has enabled Penn Traffic Co. to give its customers greater product variety and more dependable service at high levels of efficiency.



Penn Traffic's perishable center handles 1,100 quarters of beef per week. They are shipped on a rack system designed by Penn Traffic to facilitate movement and decrease product handling.



New facility gives firm broader perishables distribution capabilities

Penn Traffic Co. recently opened its new 142,000-sq.-ft. perishables distribution center, thereby expanding the company's offerings from a limited line to a full-scale program. The new center features several state-of-the-art innovations aimed at increasing productivity and efficiency.

The Penn Traffic Company has been providing distribution services to retail and convenience stores since the early 1950's. With centralized operations in DuBois, Pennsylvania, the company presently services over 120 customers within a 180-mile radius.

Originally a distributor with limited perishable capacity, Penn Traffic primarily dealt in dry goods and general merchandise, with produce and dairy products its only perishables. In an effort to become a full service distributor, Penn Traffic broadened its operations in 1988 to include a complete line of perishable items. This enabled Penn Traffic to provide complete product distribution to its customers, while strengthening the company's

wholesale operations and position in the industry.

The decision to enter the perishables market required Penn Traffic to specifically determine what type of new facility would best service its stores with the expanded line of merchandise. Working with Kom International Inc., Montreal, Quebec, Penn Traffic engaged in a sixmonth study to identify corporate needs.

Kom International determined that a centralized perishables center storing all departments was the best solution. Upon completion of the study, the Kom-Penn Traffic team literally designed the facility "from the inside out."

The 142,000-sq.-ft. perishables distribution center is organized via case height sequencing within family groupings. This



State-of-the-art banana ripening rooms have the capacity to ripen 7,680 boxes of bananas per week.

Ken Straub, vice-president, Penn Traffic, indicates that the new perishables center's product flow design has raised productivity. Plans are underway for a future expansion.

A humidity-controlled wet room extends produce shelf life and guarantees freshness of the products.



system makes receiving at the store level more convenient, since similar items are loaded together.

The distribution center includes a 40,200-sq.-ft. freezer (-10°F. to -20°F.); a 32,000-sq.-ft. produce storage area (35°F.); a 21,100-sq.-ft. dairy/deli storage area (35°F.); a 10,400-sq.-ft. meat storage freezer (28°F.); and a 24,600sq.-ft. refrigerated dock area (35°F.). Freezer areas accommodate 32-ft. clear-height stacking; perishable areas accommodate 26 ft.

The perishables center includes several unique features. Five

state-of-the-art banana rooms utilize Del Monte's Pressure Ripening System (PRS), which ripens the bananas without restacking the receiving pallet. Each banana room holds one truckload (approximately 960 boxes) of bananas. Once the bananas are placed in the ripening rooms, a vinyl tarp covers the pallets, forcing the air flow through the boxes. This three-day process achieves a more even ripening, while shortening the ripening process and decreasing damage from handling.

In addition to these ripening rooms, the perishables center also



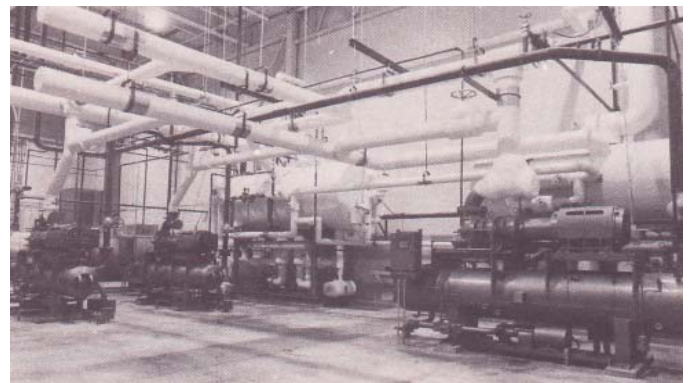
Warehouse Manager Gerald Forsythe (left) and Lee Myers, inspector, check a new shipment of grapes before they are moved to the wet room storage area.



Receiving docks with 35°F. temperature help to maintain product integrity as 200 fresh produce loads are received each week.

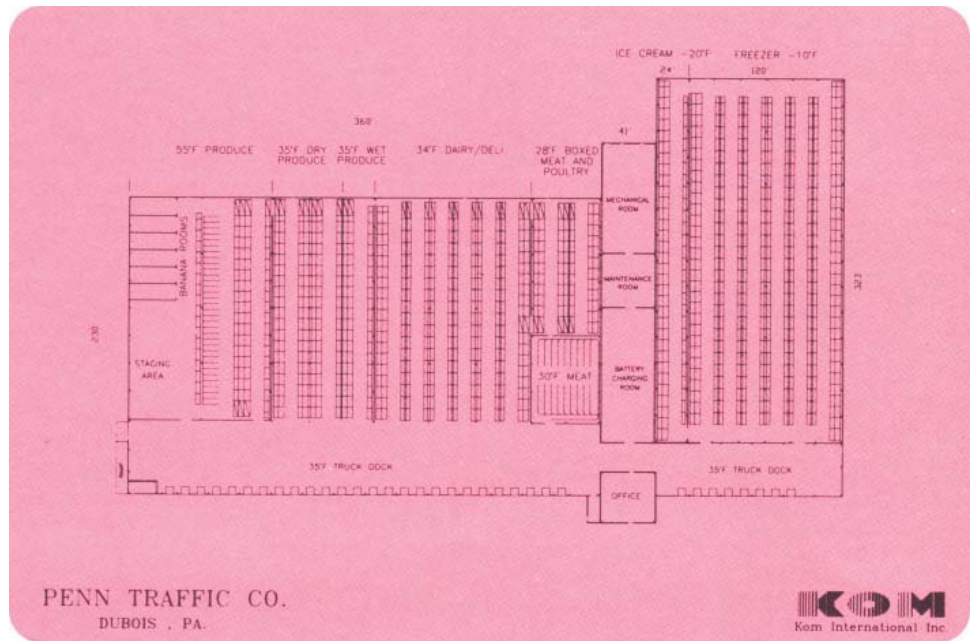


The new 142,000-sq.-ft. perishables distribution center opened by Penn Traffic Company ships 562 orders per week to 123 retail customers.



A central ammonia refrigeration system is computer controlled at the DuBois facility. There are seven temperature zones within the perishables center.

Shown is the interior layout of the new perishables center operated by Penn Traffic Co. at DuBois, Pennsylvania. The facility was designed by Kom International, Inc., working with a project team from Penn Traffic.



has one "Quik-Ripe" room. This process purchased from Catalytic Generators Inc. - employs a system of vents and blowers controlled by a microprocessor. This system maintains specific ratios of ethylene, oxygen and carbon dioxide, which ripens the bananas within a two-day period.

The five PRS banana rooms have a similar design to the Quik-Ripe room, allowing Penn Traffic to easily convert to the faster ripening process as market demand increases. According to Ken Straub, vice president, "It is more cost-effective for Penn Traffic to convert existing rooms to the Quik-Ripe system than it is to build additional ripening rooms." The cost of conversion is approximately \$10,000 per room.

Another feature of the perishables center is a humidity-controlled "wet room" for storage of leafy green vegetables. The wet room maintains a 95 percent humidity level by using three ceiling humidifiers. This significantly extends the shelf life of the produce, guaranteeing its freshness. Galvanized metal racks are used to prevent rusting.

As one of the few supermarket chain wholesalers to handle carcass beef, Penn Traffic handles approximately 1,100 quarters per week. Explains W. E. Hedglin, vice president of perishable merchandise, "We continue to distribute lean carcass beef through our perishables center due to the cost efficiencies of our highly specialized beef program."

As beef comes in off the truck, it is weighed and rolled into the cooler. At the time of shipping, the beef is transferred onto steel racks and moved to the docks for loading. The entire rack is moved as a unit load from dock to truck to store, minimizing handling and reducing damage.

Unique to perishable centers, the dock areas are maintained at 35°F., the same temperature as much of the warehouse. As goods are received, they can be maintained on the dock until check-in and inspection are completed without risking product integrity from temperature fluctuations. According to Gerald Forsythe, warehouse manager, "We believe that the 35°F dock temperature provides us with greater operating flexibility and maintains the high quality of our products. This far outweighs any increase in energy costs."

Refrigeration is provided by two 300 hp and one 350 hp computer-controlled screw-type compressors. The compressors have a 420-ton capacity. Designed by M&M Refrigerating,

Penn Traffic's refrigeration system is on-line at M&M's offices in Maryland. This allows M&M personnel to monitor the system and notify Penn Traffic of any adjustments they feel are necessary.

There are seven temperature zones within the perishables center. The computer continuously records temperatures in each department. Penn Traffic can randomly pull temperature recordings at any time to ensure that each department remains constant. For the retailer, this system further guarantees that the product he receives is the freshest possible.

In addition to the computer-controlled refrigeration system, the underfloor heating system is monitored by a Chino Recorder. The Chino Recorder constantly monitors 16 check points. Graphically recorded, the slightest variations in temperature can be reviewed to prevent problems before they occur.

Office areas are located above the battery charging room. Bakery/deli, meat and produce departments are set up in suites so that all related personnel are together. This arrangement increases communication among the departments, contributing to the efficient and orderly operation of the perishables center.

The facility, built by Davis International Inc. of Ohio, operates on a six-day, 24-hour basis. With an inventory of approximately \$4.5 million, keeping an accurate account of product levels is essential. Penn Traffic has developed its own on-line computer program to provide immediate updates of all products received and shipped.

As products are received, they are entered into the computer. The computer assigns put-away locations, prints selection labels (complete with time standards), and numerous other functions needed to manage the inventory. The slot replenishment system is based on a departure time priority. As inventory is pulled for shipment, it is automatically subtracted from the computer, notifying buyers of the required replenishment level. In case of emergency orders, labels and invoices are automatically printed before the product is shipped. The online system also handles random weights and warehouse "scratches," thus providing customers with a clean invoice.

The new perishables distribution center has been in operation for about a year, and Penn Traffic officials report they are very pleased with the performance of the facility. The product flow design has consistently resulted in high productivity, and

this has had a significant impact on Penn Traffic's business. Says Mr. Straub: "Our goal is to provide our customers with the freshest products possible. To do this, it is imperative that we stay on top of the developments in our industry. We believe our new

perishables center gives us a strong lead in that direction." As for the future, perishables will continue to play a major role in Penn Traffic's operations. Facility expansions are now in the planning stages.

VITAL FACTS

NAME OF COMPANY: Penn Traffic Company **LO-
CATION:** DuBois, Pennsylvania
SIZE OF WAREHOUSE: 142,000 sq. ft.

Departments	Square Footage	No. Items
Freezer	33,660	1657
Ice Cream	6,540	184
Meat & Poultry	10,400	154
Dairy/Deli	21,000	1187
Produce/Floral	32,000	473
Dock Area	24,600	--
Office Area	4,200	--
Service Area	9,500	--
Total	142,000	

NO. RETAIL FOOD STORES SERVED: 123
NO. ORDERS SHIPPED PER WEEK: 562
FARTHEST DELIVERY POINT: 180 miles
(75 percent of customers are within an 80-mile radius)

SIZE OF TRUCK FLEET**:

No. over-the-road tractors:	43
No. trailers (dry):	70
No. trailers (refrigerated):	37
Total no. trailers:	107

** Transportation equipment used for perishables and dry grocery operation.

TYPES OF MATERIAL HANDLING EQUIPMENT USED:

10 (Crown) single pallet jacks - receiving /loading
23 (Crown) double pallet jacks - order selection
12 (Crown) forklifts - put away/let downs

NO. SHIFTS OPERATED IN WAREHOUSE: 2.5

Receiving shift operates 7:00 a.m. to 3:00 p.m. Order selection shift operates 6:00 p.m. to 2:00 a.m. Loading shift operates 10:00 p.m. to 6:00 a.m.

WIDTH OF AISLES AND HEIGHT OF RACKS:

Department	Aisle Width	Height
Freezer & Ice Cream	10'-6"	25'-9"
Meat & Poultry	10'-6"	22'-0"
Dairy/Deli	10'-6"	22'-0"
Produce/Floral	10'-6'	22'-0"

OUR TRACK RECORD MAKES THE DIFFERENCE

We are pleased to have contributed to the success of the new Perishables center of The Penn Traffic Co., DuBois, Pennsylvania. Ask around...

Our experience and expertise in perishables and all aspects of food distribution really do make a difference ... but don't just take our word for it!

- Bi-Lo Inc.
- Dominick's Finer Foods Inc.
- Giant Food Stores Inc.
- The Grand Union Co.
- Hannaford Bros. Co.
- Harris-Teeter Super Markets Inc.
- The Oshawa Group Ltd
- Minyard Food Stores Inc.
- P & C Food Markets Inc.
- Richfood Inc.
- Seaway Food Town Inc.
- Shaw's Supermarkets Inc.
- Sobey's Inc.
- The Stop & Shop Companies Inc.
- Weis Markets Inc.



KOM INTERNATIONAL

