

Musgrave Group Plc

Founded: 1876 as Musgrave Brothers

NAIC: 422410 General Line Grocery Wholesalers; 445110 Supermarkets and Other Grocery (Except Convenience) Stores; 445120 Convenience Stores

Musgrave Group Plc is Ireland's largest [wholesale](#) grocery distributor and the franchiser of two leading Irish grocery chains. It is one of the largest private companies in Ireland. Its SuperValu stores are large-format supermarkets with more than 170 locations in the Republic of Ireland, with additional locations in Northern Ireland and in Spain. Musgrave also franchises a chain of convenience stores or smaller markets, called Centra. Centra operates in over 300 locations. Overall, the company's franchisees hold a 24 percent share of the grocery market in the Republic of Ireland, and a 12 percent share in Northern Ireland. Musgrave Group also operates a chain of groceries in Spain under the name Dialsur. In addition, Musgrave owns the English grocery firm [Budgens](#). Budgens runs a chain of close to 200 small and full-size groceries in the south of England. Musgrave distributes groceries through a network of nine so-called cash and carry outlets. These serve independent grocers and convenience store operators throughout Musgrave's territory. The cash and carry division also serves gas station minimarts; tobacco, sweets and [newsagent](#) stands; and sells prepared foods to bars, hotels, guesthouses, and restaurants. About 55 percent of the cash and carry business is in wholesale groceries, and 45 percent in prepared foods. Musgrave also operates a retail toy store franchise, SuperToys. Musgrave was for most of its history a family-owned and operated firm. Members of the Musgrave family still hold about three-quarters of the firm's shares. Three Musgrave family members also sit on the firm's board, but since 1997 the chief executive position has been held by someone outside the family, and the Musgraves are no longer involved in the day-to-day running of the company.

Musgrave Group Plc got its start as a single store on North Main Street in the city of Cork. In 1876 the brothers Stuart and Thomas Musgrave opened a grocery. They were aged 25 and 18, and had moved to Cork from County Leitrim. Their father was a farmer near Drumshanbo, and before opening the store Thomas had been a [draper](#). Little else is known about the founders, but apparently within ten years their business was doing well, and the brothers expanded to a second shop. The business incorporated in 1894 as Musgrave Brothers Limited, with a charter to retail and wholesale sugar, coffee, tea, spices, fruit, olive oil, and other [foodstuffs](#). The company also ran a [bakery](#) and confectionary, and was listed as a mineral water manufacturer, iron and hardware merchant, [druggist](#), fish and ice merchant, stationer, and [haberdasher](#). The formation of the limited company in 1894 allowed the Musgrave brothers to raise funds for other ventures, too. They built the Metropole Hotel (which the company ran until 1977), as well as a candy factory and a [laundry](#). The grocery relocated to bigger premises at No. 84 Grand Parade. By 1896 Musgrave Brothers also ran another grocery in [Tralee](#), County Kerry.

The Musgrave main store on Grand Parade was separated into two areas, one for retail and one for wholesale. The retail store operated like other groceries of the time, with customers placing orders that were filled by clerks. Most goods were not packaged but displayed in bulk, and clerks measured out the desired amount. The back half of the Grand Parade building housed the wholesale area. This stocked a vast array of items needed by small grocers, not only food and tea, but all kinds of hardware, paint, clocks, [housewares](#), preservatives, and medications.

Musgrave Brothers grew to be a large and profitable business by the end of the 19th century. This was a time of great political [instability](#) and economic [recession](#) in Ireland. Agricultural prices dropped after 1879, as cheaper meat and grain from North and South America began to reach a global market. Irish tenant farmers [agitated](#) for land reform giving them ownership rights, and much of this [turmoil](#) was centered around Cork. Despite what seemed a poor overall business climate, Musgrave Brothers prospered, and by 1899 had sales of some £67,000.

Sales increased at Musgrave Brothers after the question of land rights was settled by the 1903 Land Act, which set up a government-sponsored program for tenants to buy their farms from their landlords. Irish farming was given a boost by the Land Act, and both the quality and quantity of goods produced increased. With more prosperous farmers, grocers too did well, and revenue grew rapidly for Musgrave during the first ten years of the new century. Thomas's son John L. Musgrave succeeded to the managing director position in 1908, and he presided over the company for the next 40 years. Sales grew steadily between 1908 and 1914, ending at £277,658. Then Ireland was swept into World War I, and the country went through difficult changes in the ensuing years. The movement for Irish independence from England came into full force immediately after the war, and much of the bitterest struggle centered around Cork. The Musgrave family was Protestant, and well-known as such, so its members were in a [tricky](#) position in the predominantly Catholic area. John L. Musgrave and his cousin Stuart Musgrave, Jr., also a director, were ready to flee Cork at any moment if they were endangered. In 1923, Ireland split into the Irish Free State (Republic of Ireland), and Northern Ireland, which remained part of the United Kingdom. Musgrave Brothers badly needed to expand its premises on Grand Parade, but the fighting and political instability had made this impossible. Finally in 1925 the company completed large new premises on Cornmarket Street. This was a huge grocery warehouse with over a million square feet of floor space. It was the most modern such business in Ireland, and gave the company some competitive advantage over other wholesale grocers in the area. By that time, the retail side of the business had dwindled, and the company was almost exclusively involved in the wholesale business.

Musgrave's customers were small grocers all over the south of Ireland. The company marketed its goods by sending out traveling salesmen, called travelers, who called on clients and took their orders. Then the traveler returned to Cornmarket Street, where the order was processed. Musgrave employees packed up each order and disbursed it by rail. This was a very labor-intensive way of doing business, though it was the standard at the time. John L. Musgrave devised several means of keeping the company competitive. Since most clients had contact with the company almost exclusively through the traveler, it was possible that the traveler could quit Musgrave for another [wholesaler](#), and take his customers with him. John L. Musgrave split each traveler's territory into far-flung pieces covering parts of several counties, so that they would not get too well-known in a single area. He also called on major clients personally, to enforce good relations with the company. The travelers' order books were written in a secret code, too, so that if a competitor somehow got hold of one, the valuable information in it would be safe. Musgrave Brothers did very well through the late 1920s and into the early 1930s.

Musgrave's profitability was shaken in the mid-1930s as Ireland was hit both by the Great Depression and by what was known as the Economic War with England. The Irish government elected in 1932 had stopped the payments [tenant](#) farmers had been making to their English

landlords under the 1903 Land Act, and England then imposed [punitive](#) tariffs on Irish farm exports. This depressed farm sales, and also hurt Musgrave's customers. The situation was resolved in 1938, though by the next year, Ireland was affected by England's entry into World War II, and the resultant rationing of food and motor fuel. The rationing of motor fuel made it virtually impossible for the Musgrave travelers to get out to see their clients by car. The company was able to keep its fleet of delivery vans going, however, and the travelers had to [hitch](#) a ride on the vans and then go by bicycle. But Musgrave Brothers had been well-prepared for the war when it came to tea. This was a prize commodity that was rationed during the war to only half an [ounce](#) per person per week. John L. Musgrave had wisely stockpiled tea before the war, as well as sugar and spices. Musgrave helped its client groceries get an official increase in their tea allotments during the war. The company also pointedly refrained from taking anything but the government-controlled price for tea, at a time when it sold on the black market for enormous sums. This increased confidence in Musgrave, and many small groceries apparently switched their trade to the company for that reason.

Rationing continued until 1952, but sales for Musgrave picked up after the war was over. Sales in 1945 were roughly £486,000, while by the end of 1949 sales had risen to over £722,000. Though sales grew, in the 1950s the company found it increasingly difficult to make a good profit. John L. Musgrave retired in the mid-1950s, and his son Jack took over. His cousin Hugh Musgrave also became a top executive of the company at this time. The third generation of Musgraves inherited a business that was little changed from when their fathers began running it. The company still operated on the traveler system, with orders packed and shipped from the Cornmarket Street facility. Sales had doubled since 1920, but profits had stayed fairly level. Meanwhile, the grocery business was undergoing profound changes in other parts of the world. Self-service groceries on the model of today's stores, where customers picked their own goods from the shelves, had become common in the United States in the 1930s. Such stores cropped up in England and Europe later, and by the late 1950s, it was clear that Ireland would go the same way. These new stores threatened to swamp the little old-fashioned groceries that comprised Musgrave's 2,000 clients.

Jack Musgrave pushed for sweeping changes in the way Musgrave Brothers did business. In 1958 he signed the company up with a Dutch franchise called VG, or Voluntary Group, and instituted VG's trading system. Musgrave's client groceries now signed up to become part of the VG fold. This meant they pledged to buy all their stock from Musgrave, which would lower its prices based on its increased buying power and lower distribution costs. VG stores benefited from group advertising and group-wide sales. Distribution costs were lowered by another major shift in the way Musgrave did business. Instead of packing the orders for its clients, in the late 1950s Musgrave instituted the "cash and carry" system, where clients packed their own orders, paid cash for them, and carted them off. Initially, part of the Cornmarket Street warehouse was converted to a cash and carry area. In 1966, with business growing, Musgrave completed a new distribution center just south of Cork. The switch to the group system and to cash and carry worked well for Musgrave Brothers. Sales grew rapidly, from £1.31 million in 1961 to £3.02 million in 1969. Over that period, profits rose fourfold.

The company got a new managing director in 1971, Hugh Mackeown. Mackeown was the nephew of Jack Musgrave, and he soon instituted yet more changes. Musgrave Brothers became

Musgrave Group in 1973. In the mid-1970s, the company spent approximately £5 million to build four new, [gigantic](#) cash and carry stores. The first was in Dublin, called Robinhood, which opened in 1972. In 1975 Musgrave opened a new cash and carry in Cork and another in Limerick, then in 1977 opened a second Dublin store, at Ballymun. These four stores were the biggest Ireland had ever seen. Hugh Mackeown had based them on stores he had seen in the Netherlands, and they dwarfed anything Musgrave's competitors had. Robinhood covered two and a half acres of floor space, an unprecedented size. The new cash and carries proved very profitable for Musgrave, and sales grew roughly by a factor of six in the 1970s.

Musgrave also sold off some of its non-grocery businesses during the decade. In 1972 Musgrave sold its share in a joint-venture tea company to its business partner, a company called Brooke Bond. Musgrave Tea had once had a 15 percent share of the Irish market, but in the 1960s the business had become increasingly [unprofitable](#). The company had set up the joint venture with Brooke Bond, then got out of tea entirely as it concentrated on its grocery wholesale business. Musgrave had operated Cork's Metropole Hotel since the 1890s, and it sold this too in 1977. Musgrave had also run a candy factory in Cork since its early years. It closed the factory in 1980.

The changes Musgrave instituted in the 1960s and 1970s had worked well for the company. Nevertheless, competition was increasing in the Irish grocery industry. By the late 1970s, Ireland was about evenly split between independent grocers and groceries operated by national chains. The Irish chains were Dunnes Stores, Quinnsworth, and [Superquinn](#). In 1979 an English chain grocery, [Tesco](#), moved into Ireland for the first time, buying up an existing chain of discount stores called 3 Guys. At this time, Hugh Mackeown and other Musgrave principals decided it was time to renovate the VG system, to allow their clients to push back against the encroaching chains. Though Musgrave's VG stores were linked by group marketing, in other ways they had little in common. Some VG stores were tiny corner stores, while others were modern, full-service supermarkets. Musgrave decided to [reconfigure](#) the VG franchise, breaking it into two brand-name stores. Large stores would go under the name SuperValu, while the smaller stores, which it considered essentially convenience stores, would be renamed Centra.

The move to the new system went slowly. Stores at first retained the old name, going by VG/SuperValu, but by the mid-1980s, SuperValu was a stand-alone title. The small convenience store owners were apparently more reluctant to sign up for Centra than the larger stores were to convert to SuperValu. Three or four years after the [changeover](#), there were still only 50 Centras. This was again a decade of economic [stagnation](#) in Ireland, with high unemployment and emigration. Competitive pressures were only increasing in the grocery industry. Musgrave endeavored to grow its new franchises into a truly national market. Under the VG system, it had nominally owned the VG name for all of Ireland, but in practice it had dominance only in the south. In the western part of Ireland, Musgrave partnered with another grocery wholesaler called Nilands, and in the east, with a firm called J. Garvey & Sons. These firms used the VG system in their territories. In 1984 Musgrave acquired J. Garvey & Sons, which allowed SuperValu and Centra to move into the key Dublin market. In 1987 Musgrave bought another rival independent grocery franchise, H. Williams. The 15 H. Williams outlets were converted to Centras or SuperValus and sold to independent operators. Then in 1989 Musgrave bought up its other Irish partner, Nilands. After this purchase, SuperValu and Centra stores could be found in all parts of the country. By the late 1980s, the SuperValu franchise included 122 stores, and Centra had

grown to over 250 outlets. Sales at Musgrave reached £320 million by 1989, and the independent sector of the Irish grocery market had recovered against the [onslaught](#) of the national chains.

Musgrave expanded its cash and carry business in the early 1990s by acquisition and building. It acquired a Dublin cash and carry outlet in 1992, bringing the number of Musgrave cash and carries in that city to three. That same year Musgrave built its second cash and carry outlet in Northern Ireland, on a site near Derry. The company did well in the early 1990s, with sales increasing almost 9 percent over 1993, and net income up 28 percent. At that point, the company considered taking its operation abroad. The English market at that point looked too expensive, as did the rest of northern Europe. But in 1994 the company acquired a Spanish grocery, Dialsur. Dialsur, based in Alicante, was a family-owned business with 17 cash and carry outlets and a franchise chain of 46 Dialprix retail groceries. The cost of the acquisition was estimated at £14 million. The company made another even pricier acquisition the next year, picking up an Irish chain of L&N supermarkets for an estimated £30 million from its owner, Adam F. Torrie. The L&N chain was small but [lucrative](#), its 18 stores bringing in £95 million in 1995. The purchase also gave Musgrave the opportunity to put SuperValu and Centras in cities such as [Waterford](#) and Kilkenny, where it had not had a [foothold](#) before.

In 1997 Seamus Scally became chief executive of Musgrave Group, the first non-Musgrave family member to hold the position since the firm's founding. Hugh Mackeown and two other Musgrave family members remained on the board of directors. Scally worked hard to bring Musgrave into new markets. One of his first goals was to penetrate Northern Ireland, where the company had a limited presence. Musgrave operated five SuperValu in Northern Ireland in the mid-1990s, and Scally hoped to take this number to 50. In 1997 the company bought a chain of 21 Wellworth stores in Northern Ireland, rebranding them SuperValu. Musgrave also recruited independent grocers in Northern Ireland to the SuperValu name, and by the late 1990s the company had a 10 percent share of the Northern Ireland grocery market. By 2002 the firm had 60 SuperValu and Centra stores in Northern Ireland.

Sales overall continued to rise for Musgrave through the 1990s. It ended the decade with a market share of 25 percent in the Republic of Ireland, and sales at over £1 [billion](#). The company plowed its profit back into operations, building a huge centralized distribution network for chilled, fresh, and frozen foods in the late 1990s. Musgrave had helped hold back the tide of national chain groceries in Ireland with its effective push to bind independent grocers in its SuperValu and Centra groups. Seamus Scally seemed particularly proud of this feat, exhorting a conference of Irish independent grocers in 2001 to fight back against the "multiples," or national and multinational chains. "[We] took almost 20 percent of the Irish grocery market back from under the noses of the multiples--including the UK and European multiples and discounters who ... are now struggling in our [marketplace](#)," Scally told *Grocer* in April 2001. He claimed that the independent [grocer's](#) share of the market had grown from only 30 percent of the Irish market in the 1980s to almost 50 percent in the 2000s.

At that point, Scally took the fight to England itself, buying a 43 percent share of the English grocery chain Budgens in 2000. Budgens operated 167 stores in London, southern and southeastern England, and also ran food courts at some 40 gas stations. Budgens stores, which were almost all company-owned, were primarily small markets and convenience stores, with a

reputation for a large selection of fresh foods. After a year, Musgrave bought up the outstanding shares of Budgens. Budgens planned to expand, opening 15 to 20 new stores a year. These were to open under the Budgens name. Musgrave did not plan to bring Centra and SuperValu into England at this time. Budgens and Musgrave were still growing into the 2000s, despite fierce competition from chain stores. Musgrave's Spanish subsidiary Dialsur also posted strong sales gains in the early 2000s. Sales grew 10 percent for Musgrave overall in 2001, and the firm predicted that by 2005 SuperValu would be the largest grocery retailer in the Republic of Ireland.

History

- 1876: First Musgrave Brothers store is founded in Cork.
- 1894: Limited company is formed
- 1925: New premises on Cornmarket Street is completed
- 1958: VG trading system and cash and carry introduced
- 1979: SuperValu and Centra are created
- 1994: Acquires Spanish grocery company Dialsur
- 2002: Company acquires UK Budgens
- 2004: Acquires Londis UK franchise
- Recent developments

In 1876 the brothers Stuart and Thomas Musgrave opened a grocery on North Main Street in Cork. They were aged 25 and 18, and had moved to Cork from County Leitrim.

The business incorporated in 1894 as Musgrave Brothers Limited, with a charter to retail and wholesale sugar, coffee, tea, spices, fruit, olive oil, and other foodstuffs. The company also ran a bakery and confectionary, and was listed as a mineral water manufacturer, iron and hardware merchant, druggist, fish and ice merchant, stationer, and haberdasher.

At the same time, the brothers built and ran Cork's iconic Metropole Hotel, as well as a sweet factory and a laundry. The first Musgrave grocery relocated to larger premises at 84 Grand Parade and by 1896 the brothers had opened a grocery in Tralee, County Kerry.



Thomas and Stuart Musgrave (seated) with

Chairman Philip Toppin

In those days our main store on Grand Parade was separated into two areas, one for retail and one for wholesale. The retail store operated like other groceries of the time, with customers placing orders that were filled by clerks. The back half of the Grand Parade building housed the wholesale business.

By 1899 we had annual sales of around £67,000. Thomas's son John L. Musgrave became managing director in 1908, a position he held for the next 40 years. Sales grew steadily in the early years of the century, with an annual turnover of £277,658 by the beginning of the First World War in 1914.

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New premises on Cornmarket Street

War and the Irish struggle for independence shook both country and business for the next decade and it was not until 1925 that we made our next big move to large new premises on Cornmarket Street. This huge grocery warehouse gave us significant competitive advantage over other wholesale grocers in the area. By this time the business was almost exclusively wholesale.

Back then our customers were primarily small grocers all over the south of Ireland. We marketed our goods by sending out travelling salesmen. Unusually, John L. Musgrave made a point of calling on major clients personally. Long-term personal relationships have always been an essential component of our business model. Trade flourished through the late 1920s and into the early 1930s.

Like all traders, our business suffered during the Depression and with the outbreak of the Second World War. However, John L. Musgrave had wisely stockpiled tea before the war, as well as sugar and spices, and he helped his clients get an official increase in their tea allocations for the course of the conflict. We also refused to take more than the government controlled price for tea, at a time when it sold on the black market for enormous sums. This increased confidence in the company, and many small groceries apparently switched their trade to us for that reason.

Though sales grew through the 1950s, profits remained static. John L. Musgrave was succeeded by his son Jack and Jack's cousin Hugh Musgrave became a senior executive. This third generation of Musgraves inherited the business at a time of significant changes in the grocery business worldwide. The self-service groceries that had become commonplace in the US were now springing up in England. It was clear this new type of store would soon threaten the old-fashioned grocers that comprised our 2,000 clients in Ireland.



New premises Cornmarket Street

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VG trading system

Jack Musgrave transformed the way we did business. In 1958 he joined forces with a Dutch franchise called VG, or Voluntary Group, and instituted VG's trading system.

Our client groceries now signed up to become part of the VG fold. This meant they pledged to buy all their stock from us, while we in turn lowered our prices as a result of increased buying power and lower distribution costs. VG stores benefited from group advertising and group-wide sales.

In the late 1950s, distribution costs were lowered by another major shift in the way we did business. Instead of packing the orders for our clients, we introduced a "cash and carry" system. In 1966, with business growing, we completed a new distribution centre just south of Cork. The transformation of the business model had a positive impact on the bottomline: sales grew from £1.31 million in 1961 to £3.02 million in 1969 and profits quadrupled.

Hugh Mackeown became managing director in 1971. This was a period of significant growth for the company. Musgrave Brothers became Musgrave Group in 1973. In the mid-1970s, we spent £5 million on four new cash and carry stores – two in Dublin, one in Cork and another in Limerick. These new outlets were large, modern, efficient and increasingly profitable.

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SuperValu and Centra

In the early 1980s, with growing commercial pressure from the multiples, Mackeown and the Musgrave board decided it was time to update the VG system. At the time, some VG stores were tiny corner stores, while others were modern, full-service supermarkets. So the group was divided into two brand-name stores. Large stores would go under the name SuperValu, while the smaller stores would be renamed Centra.

By the late 1980s, the SuperValu group included 122 stores, and Centra had grown to over 250 outlets.

Sales reached £320 million by 1989, and the independent sector of the Irish grocery market had recovered against the onslaught of the national chains.

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Dialsur aquisition

In 1994 we moved overseas. We acquired the family-owned Dialsur, based in Alicante, a business with 17 cash and carry outlets and a franchise chain of 46 Dialprix retail groceries.

In 1997 Seamus Scally became chief executive of Musgrave Group. One of his first moves was to consolidate our position in Northern Ireland, first with the acquisition of the chain of 21 Wellworth stores, followed by a systematic recruitment strategy. By the late 1990s we had a 10 per cent share of the Northern Ireland grocery market.



Musgrave pioneered cash & carry in the late 1950s

In 1997 we launched the highly successful DayToday brand, servicing smaller grocers that wanted to be part of an independent retailer network across Ireland.

In 1999 SuperValu annual retail sales broke the €1 billion barrier.

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Budgens acquisition

In 2000, we bought a 43 per cent share of the English grocery chain Budgens, which operated 167 stores in London, southern and south-eastern England, and also ran food courts at some 40 petrol stations. At the time, almost all the stores were company-owned, but our plan was to covert them all of them to independent ownership.

In 2001 our Foodservices business was created to service pubs, hotels, restaurants and the contract catering sector in Ireland. This was regarded as an important extention of the company's cash and carry and delivered retail services business.

We completed the acquisition of Budgens convenience stores in 2002 and bought the UK Londis franchise in 2004.

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Recent developments

In October 2004, finance director Chris Martin took over as managing director from Seamus Scally. In 2005, the company acquired Variety Foods which, together with the acquisition of C&R Frozen Foods in 2004 and the launch of the Excellence foodservice product range, gave the company a market-leading role in the €3.5 billion a year food catering business.

Also in 2005 we launched a new symbol group called Daybreak, larger convenience stores to complement the DayToday and Centra brands. By year-end 2006, we had helped launch over 100 stores under the Daybreak banner.

In an exciting new development, in September 2006 the company opened the Ireland's first cash and carry outlet dedicated to the supply of food and catering equipment in Ballymun in North Dublin.

In 2006 SuperValu annual retail sales broke the €2 billion barrier and May of the same year saw significant enhancements to our supply chain, with the official opening by the Taoiseach of a 150,000 square feet ambient warehouse and distribution operation in Kilcock, Co. Kildare. We also saw the 400th Centra open in Dublin.

Musgrave now serves more than 3,000 stores in Ireland, the UK and Spain and has annual wholesale turnover of €4.4 billion and global retail sales of €6.7 billion.

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The 400th Centra opened in Dublin in 200