



-Week Ending 3/6/09-

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Thanks to MNB
for this selection of
articles.

Coupon Redemption Increasing As Economy Declines

A new study says that US coupon redemption in the fourth quarter of 2008 was up 10 percent compared to the same period a year earlier: "While the first three quarters of the year saw redemption dip slightly, coupon redemption surged up by nearly 10% in the fourth quarter, compared to Q4 2007. That increase came in November and December which both saw double-digit redemption growth. A double-digit increase in the use of food coupons primarily drove the jump in redemption, although non-food coupon redemption also rose by nearly 10%."

The trend is continuing, with consumers redeeming nine percent more coupons in January '09 than they did in January '08.

According to the study, from promotions transaction settlement provider Inmar, "Consumer response remained strong for the year with 2.6 billion coupons redeemed, the third year in a row at that level. The weak economy was a major factor in stopping the steady decline that coupon redemption had seen in the years prior to 2006. The peak year for coupon redemption was 1992, at the end of the last major recession, when 7.9 billion coupons were redeemed.

The study also says that "marketers continue to believe in the power of coupons, proven by a 5% increase in the number of coupons made available to consumers last year. At 317 billion coupons, distribution is not just up over the previous year, but is back up to levels from a decade ago."

States Look To Curb Impact Of In-Store Health Clinics

There is an interesting story in *American Medical News* about how, as there has been an increase in the number of in-store medical clinics throughout the United States, there has been a corresponding increase in legislative focus on these installations.

There were 350 such clinics in 2006, and the number now is close to 1,200...and as they have become more popular, states have started considering various kinds of regulations that could affect how they operate. These rules and regulations are run the gamut from requiring separate entrances to limiting what kinds of treatments can be offered and the age groups that can be treated; to this point, most state efforts to regulate the clinics have failed.

However, the suggestion from legislative experts is that every failure actually increases the likelihood that future efforts could succeed, and that the clinics eventually will find themselves working under government regulations that some will deem to be oppressive and others will say are necessary.





Study: Green Products Need To Stress Both Value & Values

GreenBiz.com reports that a new study from McMillan/Doolittle suggests that while the recession has not had any discernible impact on the sale of “green” products and consumers’ commitment to environmentally friendly items, retailers and manufacturers have to stress value as well as values if they want to maintain momentum in the category.

“The challenge is promoting the efficacy and innovation of the product, as well as the sustainable elements,” says McMillan/Doolittle senior partner Neil Stern. “The message has got to be about value ... “Communication is key. You have to communicate what you are doing and what the value is to the buyer. And you have to do it consistently across all channels of communication, from the website and advertising down to the store shelves.”

The study is contained in the book, “Greentailing and Other Revolutions in Retail,” which says that industry cannot afford to be complacent about customer interest in environmentally friendly products.

Save-A-Lot Engages In Grocery Giveaway

In Oregon, the *Register Guard* reports that Supervalu-owned Save-A-Lot is giving away 4,000 bags of free groceries at each of its nine Pacific Northwest stores, with each bag containing spaghetti, pasta sauce, two canned veggies and garlic bread worth about five bucks.

Save-A-Lot also reportedly is giving 1,000 of the grocery bags to local food banks.

The company said that the giveaway is a good way of helping customers who are being negatively affected by the economic downturn.

Whole Foods Launches New Teen Promotion

Whole Foods announced that, in partnership with Teens Turning Green, the national coalition of teens educating peers and community members about safe, healthy, and eco-lifestyle choices, it is launching Project Green Prom, an effort “to encourage teens around the country to make thoughtful, earth-friendly decisions and purchases around prom season.”

Sansolo Speaks: Measure for Measure

by Michael Sansolo

There’s an old saying that what gets measured, gets done. But what if there is a problem with the measurement?

Think about all the way we judge whether someone has done a good job and then ask, do we really know? What if the way we measure success somehow warps what we think?

A recent on-line article on hockey, of all things, shed some interesting light on this. Hockey fans know of a statistic called plus/minus. In short, a player gets a plus whenever their team scores when they are on the ice; they get a minus when the other team scores. Seems pretty simple, doesn’t it? By following the stat, you might get a sense of who is playing well.

Or you don’t. In hockey, players rotate on and off the ice constantly with non-stop substitutions. Frequently, a coach will carefully deploy his team to get certain players on the ice in specific situations. For that reason, a good defensive player finds himself on the ice against the opponent’s best offensive players with great frequency. And over the course of the season, that good defensive player ends up with a poor plus/minus stat simply because he always played in the hardest situations. In contrast, a poor defensive player might have better stats because he only gets used in easier situations.

The *New York Times Magazine* ran an article along a similar vein recently, profiling Shane Battier, a player for the Houston Rockets basketball team. Battier, it seems, has a record of posting modest statistics, except for this: when he plays, his team is always more likely to win because Battier does little things that make that happen. Even when guarding a superstar like Kobe Bryant, Battier finds a way to make Bryant work harder for his points, diminishing his team’s offense in the





process.

Like it or not, in business we have the same situation. Frequently, we grade people based on measures of performance that provide an incomplete picture at best and a misleading one at worst.

For instance: manager A runs a store that produces paltry profits year after year. Manager B's store, in contrast, always racks up splendid profits. However, if manager A's store has virtually every problem known to exist - a tough neighborhood, an older unit, you name it - it's possible that manager is actually doing stunningly great work. And, in contrast, manager B might have a store with every possible advantage and actually could produce even stronger profits.

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Fresh & Easy Changes Course To Cope With Fresh Realities

Interesting piece in the *Wall Street Journal* about the story reported here and elsewhere last week – that Tesco is conceding that its US-based Fresh & Easy has not performed up to expectations, and that it is cutting prices, creating a new value-driven private label, ramping up its advertising and even giving some its stores a new coat of paint to make them look less antiseptic.

Because its expansion plans met resistance in the form of a recessionary economy that has had an impact on consumer spending, Fresh & Easy reportedly has met the new circumstances head-on by marketing directly against the recession, moving away from an EDLP approach to more deeply discounted specials. The *Journal* notes that it also has created a "Buxted line, a budget brand in the meat aisles of its stores with black and brown labeling," that is cheaper than other offerings.

According to the story, it isn't just Fresh & Easy's advertising and pricing philosophy that is being reconsidered. CEO Tim Mason tells the paper that he's considering carrying a bread that contains preservatives because it is cheaper than the breads that the company has been carrying...even though such a product would work against the pure quality message the company has been trying to sell.

Twitter Me This

MediaPost News has an interesting piece saying that more than half of all Twitter users – 56 percent – use the social communication site for business purposes, which the story says "suggests the service's value as a business-to-business marketing platform, alongside its emerging utility for consumer marketing."

The story suggests that Twitter is being used two ways by businesses that range from Starbucks to Best Buy – they are "reaching out with promotional messages," and using Twitter as a "listening engine" with which they can gauge consumer reactions and trends.

Twitter also is a way for employees to communicate back and forth – protected by the cloak of anonymity – about the companies they work for.

Meijer Embraces Wind Technology

Meijer said last week that it will expand its green initiatives to include the use of wind power at some of its facilities. Current plans are for six wind turbines to be installed on the roof of the Meijer headquarters facility, with meters placed inside the building; Meijer also reportedly is hoping to expand its wind turbine project to include its stores in the west Michigan lakeshore communities of Grand Haven and Norton Shores.

"This is a very exciting project for Meijer," said Stacie Behler, Meijer's vice president of communications and public affairs.





"We continue to look for ways to decrease our carbon footprint and this wind turbine project is yet another example of how we can apply innovation to be more green."

FastNewsBeat

- The US Commerce Department said yesterday that consumer spending in the United States was up 0.6 percent in January, the first time it has increased after falling for six consecutive months. At the same time, the personal savings rate increased to five percent, the highest it has been since 1995.

Most stories about the consumer spending increase quote analysts as saying that the trend is unlikely to persist into February, and that consumer spending is almost certainly going to continue to tighten in coming months.

- *HealthDay News* reports that new research suggests that a person's battle against obesity may actually begin before birth. According to the story, "About 40 percent of the children born to mothers who were overweight or obese in early pregnancy were overweight by age 3, whereas just 24 percent of those born to mothers whose pregnancy weight was normal or below normal were overweight by age 3."

The research shows that American infants are 59 percent more likely to be overweight than babies born two decades ago...and the suggestion is that patterns set in motion by their mothers long before the child is born are actually making them weight-challenged once they emerge from the womb.

- The Eagles and even Bruce Springsteen may have offered certain products exclusively through Walmart, but Prince has decided to release his newest CD – a three-disc set – exclusively through Target. The set is scheduled to go on sale at the end of the month, for \$11.98.

The MNB Wal-Mart Watch

- *MSNBC* reports that Walmart is once again eyeing Manhattan as a place to locate a new store...something that has been elusive for the world's largest retailer. The address being considered is in Chelsea, on Sixth Avenue. and it is believed that the current economic downturn could open a window for Walmart, which will bring both jobs and low-cost products.

Opposition is practically guaranteed from organized labor and local retailers.

- The *Boston Globe* reports that a customer at a Walmart in Falmouth, Massachusetts, found a wallet while wandering through the store...and then discovered that the wallet contained 10 human teeth. The man turned the wallet into the store manager, who gave it to police...who said that they could not use forensics to find out who the teeth and/or wallet belonged to because there was no gum or blood tissue attached.
- In Chicago, *CBS News* reports that local unions are gearing up to fight Walmart, which is hoping that it will be able to convince local political leaders that the current recession is a perfect time to open up more Walmart stores within the city limits; there is only one at the present time, owing largely to the opposition of organized labor.
- *Variety* reports this morning that Christy Walton, the widow of John Walton – an heir the Walmart fortune and son of company founder Sam Walton – is getting into the movie business. According to the story, she has created a company called Tenaja Productions to finance and executive produce a movie entitled "Bless Me, Ultima," described as the turbulent coming-of-age story of a young man growing up in New Mexico during World War II, who "develops a relationship with Ultima, an elderly medicine woman who helps the young man navigate the battle between good and evil that rages in his village."



The Balance Sheet

- Walmart said that its total company February sales were \$30.018 billion, up 2.8 percent from the \$29.188 billion reported during the same period a year ago. Walmart's US sales were up 8.1 percent, and its Sam's Club division was up 3.1 percent, while international sales were down 10.8 percent. Same-store sales in the US were up 5.1 percent without fuel being factored in, and up 4.5 percent with fuel included.
- Village Super Market Inc. said that its second quarter net income was \$8 million, up from \$6.4 million during the same period a year earlier. Revenue was up seven percent to \$312.7 million, on same-store sales that were up 5.9 percent.
- Target Corp. reports that its February sales were stagnant at \$4.37 billion, compared to the same period a year ago. Same-store sales were off 4.1 percent.
- Rite Aid reported that its February revenue was down 2.4 percent to \$2.549 billion, on same-store sales that were down 0.9 percent.
- BJ's Wholesale Club reports that its fourth quarter profit was up five percent to \$52.7 million, from \$50.2 million during the same period a year earlier. Revenue grew three percent to \$2.56 billion from \$2.48 billion, on same-store sales that were up 1.7 percent.

The company's annual profit was up 10 percent to \$134.6 million, from \$122.9 million a year earlier. Annual sales were up to \$10.03 billion, from \$9.01 billion a year earlier, on same-store sales that were up 9.4 percent.
- Family Dollar reported that its Q2 sales were up 8.7 percent to about \$2 billion, on same-store sales that were up 6.4 percent.
- Costco Wholesale said this morning that its Q2 profit was \$239.7 million, down 27 percent from \$327.9 million during the same period a year ago. Q2 sales were off one percent to \$16.49 billion, , excluding membership fees, which increased four percent to \$355.6 million. Same-store sales were down three percent.
- Walgreen Co. said that its February sales were up 3.4 percent to \$5.09 billion, from \$4.92 billion during the same month a year ago, on same-store sales that were up 1.9 percent if adjusted for the extra day during February 2008...but down 1.9 percent if that extra day is not factored in. It is Tesco's lowest market share number in three years.
- Publix Super Markets said yesterday that its fourth quarter sales were \$6 billion, up 2.6 percent from the same period a year ago, on same-store sales that were down 0.9 percent. Q4 net earnings were \$249 million, down from \$311 million a year ago.

Publix said that its annual sales for the 2008 fiscal year were \$23.9 billion, up four percent from last year's \$23 billion, on same-store sales that were up 1.3 percent. Net earnings for 2008 were \$1.1 billion, compared to \$1.2 billion for 2007, a decrease of 8 percent.



Executive Suite

- Weis Markets announced that Kurt S. Schertle, most recently president/COO at Tree Top Kids, a specialty toy retailer, has joined the company as Vice President of Sales and Merchandising. Schertle is a former executive with Shopper's Food and Pharmacy.

- Walgreens announced that George J. Riedl, who currently heads the company's merchandising division, has been named senior vice president of pharmacy innovation and purchasing in the pharmacy services department.

Bryan Pugh, vice president of store format development, has been named vice president of merchandising; he will retain his store format responsibilities while adding merchandising to his portfolio. Before joining Walgreens earlier this year, Pugh helped to launch Tesco's Fresh & Easy concept on the US west coast.

- Thomas J. Connolly, a divisional vice president with Walgreens, has been promoted to vice president of facilities development.