



-Week Ending 3/13/09-

Below is the list of articles you will find for the week ending 3/13/09 edition of Retail Industry News.

- ▶ **Walmart "Widens The Competitive Moat"**
- ▶ **A Glimmer Of Stability Appears**
- ▶ **Carrefour To Launch New Value Line**
- ▶ **MNB's Tales Of Tesco**
- ▶ **Kroger CEO "Happy" With Private Label Sales Increases**
- ▶ **Sansolo Speaks: Is Less Really More?**
- ▶ **Sam's Club Gets A New CEO**
- ▶ **FastNewsBeat**
- ▶ **The MNB Wal-Mart Watch**
- ▶ **The Balance Sheet**



Thanks to MNB
for this selection of
articles.

Walmart "Widens The Competitive Moat"

Forbes reports that Walmart executive vice president of finance Charles Holley Jr. told a Bank of America consumer conference that the company has "widened the competitive moat" that stands between it and other retailers both inside and outside the US.

Holley said at the conference that the recession has put Walmart in a strong competitive position, that it will remain the low-price leader, and expects to take advantage of unspecified new business opportunities over the next few months.

According to the story, "Wal-Mart plans to keep pushing low-price products, Holley said, adding that it has 40 percent more discounts than a year ago. The company is also relaunching this month a store-brand food line called Great Value, which will have better packaging and products.

"Internationally, Holley said that while Japan's economy is struggling, Wal-Mart's customer count is up and same-store sales are positive. He added that the price gap between Wal-Mart and its competitors is increasing."

One of the alligators in the moat, according to a separate story in the *Financial Times*, could be Supermercado de Walmart, a new format being opened by the company in Arizona and Texas this summer. The new format consists of remodeled Neighborhood Market stores of about 39,000 square feet that will contain Hispanic products, will be located in Hispanic neighborhoods, will hire bilingual staffers, and aggressively target the fastest growing demographic in the US.

A Glimmer Of Stability Appears

The *Wall Street Journal* this morning reports that "the Commerce Department said Thursday that sales at retail and food-service outlets dipped 0.1% in February to \$346.8 billion, following an upwardly revised 1.8% gain in January. Sales of motor vehicles and parts continue to languish. Excluding them, sales rose 0.7% in February, the second gain in a row after five straight monthly drops at the end of last year.

"The report showed gains at establishments ranging from clothing to electronics to furniture stores, as well as a 3.4% increase in gasoline-station sales."

And, the *Journal* writes, "the Labor Department said there were 5.3 million Americans filing for unemployment benefits the week ended Feb. 28, a new high since the department began keeping track in 1967. New claims for benefits for the week ended March 7 rose to 654,000."





Carrefour To Launch New Value Line

French retailer Carrefour reportedly plans to launch a new private label line of value-oriented products that will come in “simple, white packaging.” According to the *Reuters* story, the move is part of Carrefour’s efforts to overcome a high-price image at a recessionary time when consumers are looking for discounts.

MNB's Tales Of Tesco

- Published reports say that Tesco’s Fresh & Easy Neighborhood Markets is getting 5,000 shoppers a week to sign up for a new email program – called “Friends of Fresh & Easy” – designed to keep customers abreast of news, deals and special offers. Since the program was launched last December, more than 45,000 customers have joined up, the company says.

Kroger CEO “Happy” With Private Label Sales Increases

Reuters reports that Kroger CEO David Dillon has weighed in on the pricing tensions that have emerged between retailers and wholesalers, saying that while he has seen some price reductions, there are not in synch with commodity cost decreases.

Retailers have been calling for manufacturers to lower their prices because commodity costs have been coming down and because the recession has had such an impact on consumer shopping behavior. Manufacturers, however, have been resisting because they say that they are locked into commodity contracts that remain high.

Dillon said that private label sales have hit “historic highs,” and that this is likely to continue as long as manufacturers don’t toe the line on price ...and that he is perfectly happy with this scenario, especially since the retailer makes more margin on own-label products.

According to the company, private label sales registered a record 35 percent of unit sales during the fourth quarter.

Sansolo Speaks: Is Less Really More?

by Michael Sansolo

A funny thing happened on the way to last week’s column. I thought I had written a really nice article about intangibles and the skills we wish could be measured, but can’t. And after using an example of a professional basketball player, I offered up examples of the same in this industry.

Then something happened. MorningNewsBeat.com is an entirely virtual adventure. Kevin does his remarkable work by high-speed connections wherever he is. And my columns arrive the same way, usually without us ever being within 200 miles of each other. It usually works.

Last week, it didn’t. The column I sent and that I hope you read, was only two-thirds the length of what I intended. Nearly 200 of my pearls of wisdom (writers treat words like our children—we love them all) disappeared.

Not surprisingly, I got e-mails from some readers. And almost all were favorable, praising the point of the article. Not one questioned why it was so short or seemed concerned that my point wasn’t fully made.

Which brings s back to the headline of this week’s article: Is Less Really More?



Is it possible the extra 200 words really didn't make a difference and that the point was made and properly ended. (Is it also possible that my MacBook has developed artificial intelligence and edited the column for me?)

It's an interesting parallel for a problem we have long had in this industry - providing endless variety in product after product. It's a point well challenged by Barry Schwartz in his book "The Paradox of Choice," in which he argues that too many choices makes the shopper less satisfied.

In so many ways it seems like a counterintuitive argument. But if the current economic situation shows us anything it is that the status quo must be challenged. Standing as we are in the middle of this storm, we cannot say with any certainty what formula will actually lead to success. We don't know which format or collection of format will succeed. We don't know which approach to customer value will succeed. We're in uncharted waters and we have to swim like never before.

But the lesson seems simple. Now more than ever we need to ask difficult questions and challenge the status quo. We need to find opportunity where maybe none existed before. And we need to be counterintuitive and be willing to walk toward the future in bold and new ways.

That might well include a new look at variety and at understanding how too much choice can lead to less satisfaction and how offering the proper choice might well provide the key to even greater success.

Perhaps we can even talk about it with shorter columns.

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Sam's Club Gets A New CEO

Brian Cornell, the former Safeway chief marketing officer who has been serving as CEO at arts and crafts retailer Michaels Stores, is joining Walmart as CEO of its Sam's Club division.

Ironically, he will be replaced at Michaels by John Menzer, the former Walmart vice chairman and chief administrative officer who retired from the world's largest retailer about 14 months ago. Menzer worked as an executive in arts and crafts retailing for a decade before joining Walmart.

FastNewsBeat

- The Food Marketing Institute (FMI) and the Global Marketing Development Center (GMDC) announced that they will co-locate the FMI Supermarket Pharmacy Conference and the GMDC Health Beauty Wellness Marketing Conference, September 11-14, 2009, at the Marriott Grand Lakes in Orlando, Florida.

According to the announcement, "the combined format provides for collaborative strategic planning" at conferences designed "to bring health, beauty, pharmacy, wellness and food executives from GMDC and FMI together for strategic discussions."

- The *San Antonio Business Journal* reports that HE Butt Grocery Co. has begun carrying a line of five different salad dressings manufactured by the Brookwood Community, a home for adults with functional disabilities.

"As a nonprofit organization, we are thrilled to be able to put our product on the shelves of H-E-B stores in Texas," Vivian Streit Shudde, executive director of the Brookwood Community, tells the paper. "We take pride in giving the citizens jobs and tasks that they can not only accomplish but also enjoy."

- In Minnesota, the *Star Tribune* reports that Supervalu has announced that it will give its customers \$20 or \$30 worth of free groceries when they buy a \$250 or \$300 gift card in a "refund reward" program designed to help them maximize their





grocery dollars. The program begins Sunday and ends on April 15, and is available at Supervalu's retail stores, including Cub Foods, Acme, Albertsons, bigg's, Farm Fresh, Hornbacher's, Jewel-Osco and Shaw's/Star Market.

- Safeway yesterday announced the formal introduction of its Waterfront Bistro line of more than two dozen exclusive "seafood selections and prepared entrees that make preparing a restaurant-quality meal at home easy."

The company noted that Waterfront Bistro products "can be found in the frozen food section in all Safeway, Vons, Pavilions, Tom Thumb, Randalls, Dominick's, Genuardi's, Carrs and Pak 'N Save stores. The line is the newest addition to Safeway's popular family of private label brands, which includes O Organics™, Eating Right, Primo Taglio, Signature Café, Lucerne, Rancher's Reserve and Safeway SELECT."

The MNB Wal-Mart Watch

- The *Wall Street Journal* reports that Walmart plans to hire five different public relations firms to promote its various products, programs and services. In the past, Walmart mostly used one NY PR firm, but apparently has decided to be a lot more aggressive in getting its message out.

The Balance Sheet

- Nash Finch Co. said that its 2008 annual sales were \$4.704 billion, up 3.8 percent from \$4.533 billion a year earlier. Net earnings for fiscal 2008 were \$36.2 million, down from \$38.8 million.
- William Morrison Supermarkets announced that its annual net profit was down 17 percent to the equivalent of \$634.5 million (US), on annual revenue that was up 12 percent to \$20 billion (US). Same-store sales were up 7.9 percent for the year.
- Kroger Co. reported that its fourth quarter income was up 8.1 percent to \$349.2 million, with total Q4 revenue up to \$17.3 billion from \$17.2 billion. Same-store sales were up 3.8 percent.