



-Week Ending 3/20/09-

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Thanks to MNB
for this selection of
articles.

Aldi Brings Budget Beauty Line To US

The *Tampa Tribune* reports that Aldi is launching a new budget beauty line in its US stores. According to the story (and we do love a clever lead), "with lipsticks for under \$2 and cleansers for \$2.99, the chain hopes to lure bargain shoppers looking for products that make them look like a million bucks."

Aldi says that it has sold the line – which is up to 95 percent cheaper than national brands - in Europe to great success, and is positioned to compete L'Oreal, Olay and Helena Rubenstein.

Costco Opens Sixth Business Center

Costco announced that it will open a new Costco Business Center today in Hawthorne, California, described as stocking more business products than the average membership warehouse store that the company operates, and also offers delivery services to area businesses.

According to the company, "The Hawthorne Costco Business Center is the sixth Costco Business Center in the United States. Other locations are in Lynnwood, Wash.; Fife, Wash.; Hayward, Calif.; Las Vegas, Nev.; and Phoenix, Ariz. There are also two Costco Business Delivery locations -- in Buena Park, Calif., and San Diego, Calif. The first Costco Business Center opened in 1996."

Fresh & Easy Gets Big & Cheap

As part of its new effort to focus more on price – an initiative begun as it realized that its much vaunted market research hadn't turned its American stores into a raging success – Tesco-owned Fresh & Easy Neighborhood Markets has "launched six new prepared meals which feed a family of four for only eight dollars." Over the next several months, Fresh & Easy said, it will introduce additional larger sized products to meet growing customer demand, after having already introduced a number of them earlier this year.

The meals are designed to feed four people for eight dollars.





"Customers are telling us they are looking for larger sizes to feed their families on a budget. Our kitchen products have been very popular – like our chicken alfredo and macaroni & cheese – so we are introducing portions that are large enough to feed a family of four for only \$8," said CMO Simon Uwins.

Fresh & Easy's new family-sized meals introduced today include lasagna with meat sauce, chicken & broccoli pasta alfredo, spaghetti with turkey meatballs, and chicken burritos with green and red sauce.

Study Points To Private Label Savings

The Private Label Manufacturers Association (PLMA) has released a new study saying, not surprisingly, that shoppers can save roughly 30 percent on the average supermarket bill by purchasing own label products rather than national brands.

The 43-item market basket examined by PLMA included cereal, soda, pasta, orange juice and cookies, facial and bathroom tissue, cold and flu medications, dog food and aspirin. The top five products in the study found to have the largest gaps in pricing by percentage were aspirin, sinus spray, soda, saltine crackers and body lotion.

National brands cost a total of \$147.21, according to the study, and equivalent private label items cost a total of \$100.82.

"Prices may vary from market to market, but the savings that consumers will achieve will follow the same pattern across the country," said PLMA President Brian Sharoff.

Gilliland Plants A Newflower In East Dallas

The *Dallas Morning News* reports that Wild Oats founder Mike Gilliland is opening his newest organic food store in East Dallas in a former Carnival store location, positioning it as a low-price operator that undercuts Whole Foods in the segment. The story notes that Gilliland "looks for real estate bargains and uses refurbished equipment, cases and fixtures whenever possible. Like Whole Foods, its cash registers use double sided receipts to reduce paper waste 40 percent." The stores are uniform in nature, about 28,000 square feet, with about one-third of the footage devoted to produce, and features the slogan, "Serious food at silly prices."

The store is called Newflower Market, and is Gilliland's third in Texas; according to the story, the chain is called Sunflower in other markets where it operates. "It goes by the different name because the Sunflower brand, owned by Minnesota-based Supervalu Inc., would have been too expensive to acquire for use in Texas," the *Morning News* writes. Gilliland is allowed to use the name in five states: Colorado, Arizona, New Mexico, Nevada and Utah.

Gilliland tells the *Morning News*, by the way, that the recession is forcing him to scale back his 2009 expansion plans to eight stores instead of the originally planned 12; three or four more Texas stores are expected to be opened in 2010, probably in Austin and/or Dallas.

Roundy's Expands Reusable Bag Program

Published reports that Roundy's Supermarkets is expanding its reusable bag program, giving shoppers a five cent credit not just for the retailer's own reusable bags, but also for similar bags from other retailers.

"We take our cues from our customers," said Robert Mariano, Roundy's chairman and CEO. "Many of them who have long made a practice of shopping with reusable bags asked if those bags could be included in our new program. We considered their requests and decided to update our program."



Sansolo Speaks: Extraordinary Times, Extraordinary Measures

by Michael Sansolo

This week, *60 Minutes* took cameras someplace they had never gone before. Don't use your imagination on that for too long—the destination wasn't all that exotic. It was the office building in Washington, DC, that houses the Federal Reserve Board.

As *60 Minutes* explained, the chairman of the board never, ever gives interviews. (Well, actually not in more than 20 years and that was very brief.) On Sunday night, Chairman Ben Bernanke broke that tradition. The interview was extremely interesting to watch and not because Bernanke disclosed financial secrets or explained the intricacies of the US economy. It was simpler than that.

If you followed the Fed under previous chairman Alan Greenspan, you might remember the incredibly cryptic statements that came out about the economy. I remember hearing an economist joke that the reason Greenspan dated NBC reporter Andrea Mitchell for so long prior to marriage was very simple: It took Mitchell all those years to figure out that Greenspan had actually proposed. Greenspan had a way of hedging his meaning.

Against that backdrop, Bernanke was stunningly clear and easy to understand. His answers were straightforward, even to a prediction that the economy would begin to recover later in 2009. (You saw the headlines Monday morning.) No subtleties, no metaphors...just straightforward talk. As Bernanke explained, he decided to do the interview because the troubled times called for candor and explanation.

"It's an extraordinary time. This is a chance for me, I think, to talk to America directly," Bernanke said during the interview. It's a lesson we could all learn. Straightforward talk and transparency have a place; now more than ever.

Obviously, Bernanke took a chance. His clear answers on the causes of the financial meltdown or the key early signs of the turnaround might lead to misinterpretation, false hopes or worse. However, it struck me that he was making a statement to a country (and world) spooked about finances. In short, he was reassuring and putting himself out front to address the issues head on.

What does it mean to you? Think about the times and think about the rules that govern business and ask what needs to change at this very moment.

Jeff Noddle, Supervalu's ever-insightful CEO, gave a speech recently on how the world of retail has changed. He talked about the events of September 2008 - the time the economic meltdown occurred - and especially how September 15, the date Lehman Bros. failed, seemed to mark the beginning of the change.

Noddle's point is well taken. Far too many companies are living in - if you pardon the terminology - a pre-Sept. 15 world. Too many business plans remain unchanged; too many rules remain sacrosanct; too many behaviors remain locked in the past.

Somehow we need a new embrace for this period. The post-Sept. 15 world is scary, especially to our shoppers. They are inundated with bad news and massive concerns. Yet that also means uncommon opportunity to reach out and fill those concerns. The central role food plays in people's lives means this period provides retailers (and the entire industry) a rare chance to build a new relationship with shoppers by demonstrating clearly to them that we care and understand their concerns.

But mostly it means breaking the old rules of the pre-Sept. 15 world. That certainly comes with risk, but that's table stakes today. We live in a world of risk.

In short, it's time to learn a lesson from Ben Bernanke. Break the rules.

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Walmart Reveals New "Great Value" Details

Walmart yesterday unveiled new details about its revamped Great Value private label line of products, scheduled to begin appearing on store shelves later this month. The company said that the new and improved Great Value products "provide families with affordable, high quality grocery and household consumable options comparable to national brands. The retailer's Great Value brand, first introduced in 1993, spans more than 100 categories and is the country's largest food brand in both sales and volume."

According to Walmart, the company worked with hundreds of suppliers to "test more than 5,250 products against leading national brands to ensure Great Value quality is equal to or better; conduct more than 2,700 consumer tests to compare the flavor, aroma, texture, color, and appearance of Great Value products against leading national brands; change the formulas for 750 items including: breakfast cereal, cookies, yogurt, laundry detergent, and paper towels; and introduce more than 80 new products, such as: thin crust pizza, fat free caramel swirl ice cream, strawberry yogurt, organic cage free eggs, double stuffed sandwich cookies, teriyaki beef jerky and more."

The company said that "in addition to product testing, Walmart redesigned Great Value packaging graphics to create a consistent, recognizable look throughout the store, making it easier for customers to find their favorite products." The new Great Value packaging is blue and white, with "easy-to-read nutrition labels and more appetizing food photography. Walmart also reduced packaging when possible as part of the company's sustainability goals."

In its story about Great Value, the *Wall Street Journal* reports that "Wal-Mart's move comes as sales of grocery-store house brands have grown briskly in the U.S. Last year, sales of private-label food and other consumer products jumped 10% to \$82.9 billion, from \$75 billion in 2007, according to the Private Label Manufacturers Association, citing data from Nielsen Co. Sales of branded products increased just 2.8%."

But Wal-Mart's sales of house brands, as a percentage of total revenue, have lagged its rivals'. Last week, U.S. grocer Kroger Co. said 27% of its fourth-quarter revenues came from private brands; analysts estimate that Wal-Mart's private-label products account for about 16% of its overall food sales."

Walmart said that it "is asking customers to share their favorite Great Value items by encouraging them to rate the products and offer reviews on walmart.com."

New Priorities For A Recession Economy: Hiring, Innovation, Passion

There was an interesting story in the *New York Times* yesterday about the priority placed by "competitors in entertainment, venture capital and medical research" to continue hiring smart people and funding innovative ideas, despite the economic downturn that has led so many companies to cut back on expansion and lay off employees. "In pockets of the American economy, however, the hunt for game-changing stars remains surprisingly intense, the *Times* writes, noting that "finding the next big hit can save the day, but running out of talent is a recipe for extinction."

"A downturn can be a very good time to build a company," Michael Moritz, the Silicon Valley venture capitalist, tells the *Times*. "The parvenus and the pretenders are gone. The only people who want to start a company in a time like this are the ones with the greatest conviction."

The *Times* continues, "In fields where picking hits is crucial, executives say it's vital to keep wooing candidates no matter how jittery the economy. In extended interviews, seven of these talent scouts argue that enduring success can come only from adding more of the best people to their teams."

"These executives' specialties are as diverse as architecture, biotechnology and country music. Asked to share their recruiting principles, they touched on a handful of simple, recurring themes. Among them: take chances on passionate people early in their work lives, focus on what can go right, offer rewards no one else can match and harness the lessons of your own career."



Wegmans Cooks Up Culinary Innovation Center

In western New York, the *Democrat and Chronicle* reports that Wegmans' \$36 million Culinary Innovation Center has become fully operational, "an R&D test kitchen for creation of new food products, as well as a central kitchen and meat production area to turn out the retail-sized or bulk servings of soups, sauces and raw materials that are used in either Wegmans-brand take-out meals or prepared foods. The center also is the food factory where employees will assemble prepared foods, such as packages of chicken cordon bleu, that customers then take home and cook."

According to the story, the new Center centralizes operations that variously took place in stores and in another central kitchen facility, providing not just larger and better equipped facilities that will allow it to be more creative and productive, but also an ability to focus on efficiency issues such as per-unit costs and shelf life.

Without giving specifics, Wegmans has said that its take-out meals business has been growing as the recession has affected customers' ability to go out for dinner.

FastNewsBeat

- The *Chicago Tribune* reports that Walgreen will acquire 32 Drug Fair stores, a move made in the wake of 50-unit Drug Fair's bankruptcy filing this week. Terms of the deal were not disclosed.
- The *Orlando Sentinel* reports that discount retailer Aldi, which has nine stores in central Florida, plans to open at least five more than during the coming year.
- The *Boston Globe* reports that Ahold-owned Stop & Shop will hold an "affordable food summit" for customers next week at its Quincy, Massachusetts, store, providing customers with "advice for creating healthful meals on a budget."
- The *Washington Post* reports on the continuing debate over the Employee Free Choice Act, which would make it easier for employees to form a union" and that "is turning into a debate over fundamental questions of American capitalism." Opponents say that "it would be a disaster for businesses reeling from the recession," while "supporters are pointing to the downturn as the ultimate proof of their arguments that labor's decline has helped put the economy out of balance and that only by restoring workers' purchasing power can the nation return to broadly shared prosperity."
- The *Phoenix Business Journal* reports that Bashas' is reopening a store in the Fountain Hills section of the city, described as featuring "an Italian kitchen and gelato bar, Wi-Fi lounge with flat-screen TV, organic food section, community meeting room, and children's Cub House." The new and larger store replaces a unit that was demolished in April 2008, and that itself had replaced one that had been opened in 1974.
- Published reports say that Costco is preparing to open its first Australian store this July, in Melbourne's Docklands district, and that it also is looking for a suitable location in Sydney.
- The *Wall Street Journal* reports that Sara Lee Corp. is considering the sale of its European household and personal care good business, believing that the best way to improve its sales and share price is to focus on its core food and beverage segments.
- A strike that could have paralyzed Safeway's operations in Manitoba has been averted, with the retailer coming to an agreement with the United Food and Commercial Workers (UFCW) on a new five-year contract; the new deal has been overwhelmingly ratified by an 83 percent majority.
- The *Wall Street Journal* reports that former President Bill Clinton has severed his connections to Yucaipa Cos., the Ron Burkle-owned investment company that has been highly active in the supermarket industry over the years. The report says that Clinton began disengaging from Yucaipa when his wife, Hillary Clinton, was running for the Democratic presidential nomination, but now has finalized the separation because of her new role as US Secretary of State.



The MNB Wal-Mart Watch

- The *Los Angeles Times* this morning reports that the Obama administration has “sided with women suing Wal-Mart Stores Inc. for discrimination, urging a federal appeals court to let the current and former workers sue as a group and proceed with the biggest sex-bias case in U.S. history.” The lawsuit was originally filed in 2001, but Walmart has argued that the two million employees should be forced to bring their cases individually rather than in a class action.

The appeal of a previous decision – in which Walmart lost – is scheduled to take place Tuesday at the U.S. 9th Circuit Court of Appeals in San Francisco.

- Walmart reportedly is using the DVD release of “Twilight” – the hugely popular movie about teen vampires based on the hit series of books - to bring bloodmobiles to select stores across the country.

- *MSNBC.com* reports that Walmart, responding to a city council vote last week in Salinas, California, that prevents big box stores from devoting more than five percent of their floor space to non-taxable items such as food, is sponsoring a consumer group devoted to challenging the vote via referendum.

Salinas Consumers for Choice have been circulating petitions, hoping to get the issue on the November ballot.