



-Week Ending 4/17/09-

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Thanks to MNB
for this selection of
articles.

CEO Confidence Growing, Though Some Economic Pessimism Remains

The Conference Board is out with its "Measure of CEO Confidence," which is up to 30 from its historical low of 24 during the last quarter; according to the press release, "a reading of more than 50 points reflects more positive than negative responses."

"CEOs remain pessimistic about current conditions, but have grown more optimistic about the short-term outlook," said Lynn Franco, Director of The Conference Board Consumer Research Center. "This improved outlook, however, does not extend to the labor market. The majority of chief executives still expect employment levels to decline further in the coming months."

"Less than 3 percent of CEOs anticipate an increase in employment levels in their industry, down from about 26 percent a year ago," according to the Conference Board. "The proportion of CEOs who anticipate a decrease in hiring surged to 86 percent from 28 percent a year ago."

The release said that "when looking ahead six months, CEOs' outlook improved. Now, 17 percent of business leaders expect economic conditions to improve in the next six months, up from approximately 11 percent last quarter. Expectations for their own industries were also less pessimistic, with more than 26 percent of CEOs anticipating an improvement in the months ahead, up from about 12 percent last quarter."

Retailers Advertise For The Value-Oriented Consumer

The *New York Times* reports on how a wide variety of retailers – ranging from Home Depot to Target, JC Penney to Whole Foods – are embracing the notion of value as a core concept around which to build their marketing campaigns. Among the efforts cited by the story is Whole Foods' attempt to move away from the "whole paycheck" image it traditionally has had, lowering the prices "of its private-label brand, 365 Everyday Value, in regional ads with headlines like 'Sticker shock, but in a good way' and 'No wallets were harmed in the buying of our 365 Everyday Value products'."

Target, the *Times* says, has a different problem – not only does it have to push value, but it has to differentiate itself from Walmart, which has done well with its "save money, live better" ad campaign. Its solution: a new campaign that asks, "Why pay more for more?" that the *Times* says "seeks to explain the value proposition within the longtime ad theme, 'Expect more. Pay less'."





Winn-Dixie Introduces New Marketing Campaign For Big Easy

In New Orleans, the *Times-Picayune* reports that Winn-Dixie has begun a new marketing campaign that relies on testimonials by local suppliers, staffers and customers.

According to the story, the company "has focused on remodeling and reopening stores since Katrina, and Winn-Dixie believes this is the right time to remind the local community of the chain's commitment to being here."

Giant Eagle Launches New Discount Program

The *Pittsburgh Business Times* reports that Giant Eagle has launched a new discount program that gives customers who use their frequent shopper cards a one percent discount off their grocery basket for every 10 gallons of gasoline bought at one of the company's gas stations.

According to the story, "The rebate is good for up to \$60, or 20 percent, on a single trip's purchase total of \$300. Any remaining discount would be held until the shopper's next visit.

"Giant Eagle has long offered 10-cent-per-gallon discounts on gas per \$50 of groceries purchased."

"We realize that in more difficult economic times, customers are carefully watching how they spend their dollars, even on necessities like food and fuel," Brett Merrell, senior vice president of marketing, said in a statement.

Safeway CEO Addresses Need For Corporate Health Care Reform

In a speech to the World Health Care Congress this week, Safeway chairman/president/CEO Steve Burd suggested that companies looking to control health care costs ought not wait to see what kind of reforms the Obama administration is able to get passed, but rather should model their own programs on what Safeway has been doing.

"If you are part of a large organization, you really don't have to wait for government to do anything," Burd said. "You can design your own healthcare reform."

Burd said that the Safeway approach – which is to make employees responsible for living healthier lifestyles, including losing weight, stopping smoking, while rewarding them for positive steps – has saved the company millions of dollars. "We took advantage of a little-known fact; that is that 70 percent of healthcare costs are driven by behaviors," Burd said.

Safeway's program – which has 75 percent buy-in from nonunion employees – essentially gives discounts on health insurance costs to employees who attain and maintain certain minimum standards, while those who do not meet established levels pay more for health insurance premiums. And while Safeway spends \$1 billion a year on health care costs, that number has not gone up since 2005.

Weis Markets Freezes Prices In Recession Initiative

Weis Markets announced yesterday that it is freezing prices on 3,000 staple items for 90 days in an initiative that expires July 15. This is the second time that Weis has frozen prices; the first time, the Pennsylvania-based retailer lowered prices on 2,400 SKUs and then froze them at that level. The categories affected include center store, frozen, dairy, produce, meat, deli and bakery, in both national brand and own label items.

"At a time when unemployment continues to surge in many of our markets -- in some areas to as high as 10% -- our Price Freeze Program is designed to offer meaningful, long-term savings to our customers," said David J. Hepfinger, Weis Markets' President and CEO, noting that the "initial Price Freeze program helped our customers save approximately \$5 million."





Sustainability Efforts Gain Traction Even In Tough Economic Times

Marketing Daily reports that according to a survey conducted by the American Marketing Association (AMA) and Fleishman-Hillard, "more than half of corporate marketers and communicators believe that their organizations will increase their involvement in environmental sustainability initiatives during the next two to three years," and that "half of those surveyed believe that economic realities will encourage the adoption of such practices."

Also of note: "Nearly one in six (58%) believe their companies will place more emphasis on developing corporate sustainability opportunities in the months ahead, despite economic realities," *Marketing Daily* writes. "But how those companies will talk about these efforts is uncertain. More than half do not expect to increase communications about sustainability. About 43% say their companies will increase marketing of these programs because it is the right thing to do; customers are asking for more information; it is supportive of the corporate culture; and because sustainability offers a clear and distinct business advantage."

Sansolo Speaks: The Language of Leaders

by Michael Sansolo

Words convey so much both in how they are used and how they are chosen. This past weekend I witnessed a great example of this while riding a New York City subway train - always a great place to experience language.

What happened wasn't about foul or ugly language, but rather something intended to be helpful. In New York, like most cities, the subway system creates a little problem at every stop thanks to the small amount of space left open between the subway car and the platform. In London, the ever-civilized city, riders are reminded constantly to *Mind the Gap*. It's even on tourist items.

New York approaches the problem a little differently. The sign in my subway car urged riders to be aware of the space with a simple phrase: *Get Over It!* Oh how I love New York.

The language we use in managing people similarly creates an image as vivid as *Get Over It* expresses New York's curt, but effective manner. But ask yourself what language and what style you use and how well it conveys the message you wish to your staff.

A recent study by the excellent Center for Creative Leadership (CCL) examined personality traits that are signs of problems in a career. It provides something every leader or manager needs to consider as we approach daily interaction with our staff.

In 25 years of study, CCL found some basic characteristics of managers whose careers fail to reach the heights. Three key personality traits predicting failure are executives who are less trusting of people, who are more conceptual and abstract in the way they think, and those who tend to reveal too much personal information.

Getting into specific characteristics, CCL found problems come for those who are: authoritarian, cold, aloof, arrogant or insensitive, fail to handle staff effectively, fail to handle conflict, fail to build or lead a team, can't think strategically and can't adapt, grow, learn and develop. In addition, those who are overly ambitious, lack follow through, perform poorly or lack preparation to move to the next step are also bound to struggle.

In many ways, this isn't a surprise. People who don't trust others won't create much trust in themselves. Abstract thinkers may be important, but occasionally we have to come down from the clouds to manage the nuts and bolts.

But most importantly, CCL explains what managers have to do to succeed. It begins with understanding these key personality traits and honestly assessing ourselves for areas to improve and adjust. There are countless business books these days that remind us how leaders aren't born, but rather grow into their skills and success.



The start of baseball season always reminds me of this point because it provides such clear examples of growth and improvement. Joe Torre, now the manager of the Los Angeles Dodgers, is a classic case. Torre grew from a fairly unsuccessful leader at the Mets, Braves and others into a certain Hall of Fame candidate in his winning years with the Yankees and now the Dodgers. He's the same person, but he became a completely different manager. (And any baseball fans who attribute his success to the players he was given need only contemplate the performance of the Yankees or Dodgers just before he arrived.)

For those of us in less objective fields, where winning and losing isn't so easily measured, the challenge is tougher. But CCL's guidance offers some food for thought as we think of that next discussion with an associate or a superior.

Remember, there is only a small space between the train and the platform, but a yawning divide between *Mind the Gap* and *Get Over It*. Choose your words - and style - carefully.

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Taking Matters In Hand: The Case For & Against hand-Held Scanners

The *Hartford Courant* has a story about how Ahold-owned Stop & Shop has installed hand-held scanning technology - which allows shoppers to scan products as they place them in their shopping carts, keep a running total and then pay at the end without going through a traditional checkout line - in several of its Connecticut stores.

According to the story, Stop & Shop is convinced that the "Scan It" devices, which are manufactured by Modiv Media, can cut time off the shopping trip and perhaps even serve as a lure to customers to choose the chain over one of its competitors.

Not everybody feels that way, however...competitors such as Price Chopper, Shaws, Big Y and Whole Foods tell the *Courant* that they remain unconvinced the technology is quite the panacea that it is promoted to be.

FastNewsBeat

- The United Food and Commercial Workers (UFCW) said that it has filed a complaint against the Great Atlantic & Pacific Tea Company (A&P) over its decision to close a Pathmark supermarket in West Hempstead, New York. The UFCW says that A&P is "refusing to comply with the New York State W.A.R.N. act which requires employers to pay workers wages for 90 days after announcing the closing of a facility."

- The *San Diego Union Tribune* reports that Stater Bros. is working with Coca-Cola and the California State Parks system to raise money so that one million seedlings can be planted at two state parks where woodlands were destroyed by forest fires last year.

The goal is to raise \$500,000, to make up for cuts in the state budget caused by the current recession.

One interesting note in the story that some people might not know: Stater Bros. CEO Jack Brown was a firefighter in the Southern California forest region more than 40 years ago.

- The *Los Angeles Times* reports that Stater Bros. has decided to sell its Santee Dairies business to Dean Foods. Terms of the deal were not disclosed.

Stater CEO Jack Brown said that Santee Dairies had limited prospects because his competition - Vons, Ralphs and Albertsons - refused to purchase milk from it because they didn't want to spend money on a competitor.





- BJ's Wholesale Club announced that it is expanding the acceptance of food stamps to all of its warehouse stores; previously, only 30 of its 180 stores took food stamps, but the recession prompted it to change the policy.
- The Grocery Manufacturers Association (GMA) announced yesterday that it is suspending the publication of its *GMA Forum/e-Forum* properties, citing "current economic realities" that have had an adverse impact on advertising revenue.

The MNB Wal-Mart Watch

- The *Wall Street Journal* reports that Walmart executives are seeing increased unionization activity in their stores, which makes sense since it is generally believed that the current Congress and the Obama administration are more union-friendly than their predecessors.

According to the story, "Since February, about 60 UFCW organizers have been dispatched to more than 100 Wal-Mart stores in 15 states to get workers to sign union-authorization cards ... Meanwhile, the UFCW plans to fly about 100 pro-union Wal-Mart workers to Washington this month to lobby members of Congress on the pending legislation, known as Employee Free Choice Act," which would make it easier to organize non-union companies.

- Walmart CEO Mike Duke told the "Today Show" yesterday that he believes there remains a lot of stress in the US economy and that he does not expect the current recession to end anytime soon.

Duke also said that he expects the recession to create a "sustained change in the way that families live."

- Walmart reportedly is trimming its staffing levels in China, especially at midlevel management positions, as a way of keeping costs in line. The retailer, according to *Dow Jones*, is giving affected employees the option of relocating to areas where it is opening new stores.
- Brand Finance, a global consultancy, is out with its list of the top global brands...and for the first time, Walmart is at the top of the list.

Coca-Cola, which was in the top spot last year, dropped to number two.

According to *Marketing Week*, Walmart gained the number one position by positioning itself as a consumer champion during the economic downturn, and that it has overcome criticism of its policies through improved social responsibility and an effective marketing program that focuses on its work in areas like the environment.

- Walmart announced that to observe Earth Month in April, it is offering 500 Earth-friendly products, including 10 that are less than \$10, such as t-shirts made from 100 percent organic cotton, recycled hangars, and reusable shopping bags.

According to the announcement, "Walmart is supporting Earth Month 2009 with online banner advertisements that demonstrate in a fun, unique way the impact that certain eco-friendly products can have if all 200 million Walmart shoppers in the U.S. purchased them.

"Walmart is also sponsoring the 'Earth Day, Every Day School Challenge,' in the U.S. to recognize schools across the country that are taking active strides to create a greener, healthier planet. Entrants will have until May 1 to submit a 200-word essay, describing the eco-friendly activities that the school they are nominating has enacted in the past 24 months. The twenty finalists will each be awarded a \$500 Walmart gift card and invited to compete for the grand prize: a \$20,000 grant from Walmart to be used toward the continuation of the winning school's eco-friendly projects."



The Balance Sheet

- Weis Markets said that its Q1 net income was up 82.4 percent to \$16.5 million compared to the same period a year ago. Sales for the period were up 1.8 percent to \$606.2 million, on same-store sales that were up 1.6 percent.
- Walmart said last week that its March sales fell 1.9% to \$36.2 billion, on same-store sales that were up 1.4 percent.

Executive Suite

- Walmart-owned Sam's Club announced that Linda Hefner has been named executive vice president of merchandising and replenishment, reporting to Brian Cornell, the just-named president/CEO of Sam's Club.

Hefner has been serving as executive vice president/general manager of the Home business for Walmart U.S. Her replacement in that position has not yet been named.

- Scott Harrison, Food Lion's senior vice president of Technology, and Efficiency and Chief Information Officer (CIO) has been promoted to the newly created position of CIO for Delhaize Group U.S., which is the parent company of Food Lion, Hannaford and Sweetbay.

- Ahold-owned Giant Food announced that Paula A. Price, the SVP/Controller/Chief Accounting Officer for CVS/Caremark Corp., has been appointed as the chain's Chief Financial Officer. She succeeds Jim Rojas, who had previously announced that he was leaving the company.

Giant also announced that Paula Labian has been named Executive Vice President of Human Resources; for the past six years, she served as Chief Human Resources Officer (CHRO) and Global Vice President of Human Resources for Whole Foods Market. She replaces John Bussenger, Executive Vice President of Human Resources from Ahold-owned Giant Food Stores of Carlisle, PA, who assumed the responsibilities on an interim basis.

- Tom Furphy, Amazon.com's VP of Consumables and AmazonFresh, who has been running Amazon.com's grocery business for the past three and a half years, has announced that he will be leaving the pioneering online retailer at the end of the month. Furphy said he was leaving Amazon to pursue entrepreneurial opportunities.