

## **- Retail Industry News from IRI for Week Ending 4/25/08-**

---

*Below is the list of articles you will find for the week ending 4/25/08 edition of Retail Industry News.*

- ▶ **Shaw's Seeks To Inspire Shoppers**
- ▶ **Supervalu Offers Own Economic Stimulus Package**
- ▶ **The Food Crisis: Rationing Begins, Concerns Grow, Challenges Mount**
- ▶ **FoodWireTV Debuts In May; Video Series Will Help Consumers Shop, Cook, Eat Smarter**
- ▶ **Report: Retail Technology Implementation On The Rise**
- ▶ **Sansolo Speaks: The Demographic Storm**
- ▶ **Stop & Shop Offers Two Reusable Bag Promotions**
- ▶ **Wal-Mart Teaches Suppliers How To Sell Product To Wal-Mart**
- ▶ **FastNewsBeat**
- ▶ **The MNB Wal-Mart Watch**
- ▶ **The Balance Sheet**
- ▶ **Executive Suite**



Thanks to MNB  
for this selection of  
articles.

### **Shaw's Seeks To Inspire Shoppers**

The Boston Herald reports that Shaw's Supermarkets is working with the public television cooking show "America's Test Kitchen," and will create what are being called "Inspiration Stations" in its stores featuring recipes that will help shoppers get out of a "food rut."

According to the story, "Shaw's said the initiative, called 'Get Inspired,' was designed specifically to stop New Englanders from sleep-shopping through the grocery aisles, cooking the same uninspired meals, week after week."

### **Supervalu Offers Own Economic Stimulus Package**

Supervalu announced that shoppers at its stores can redeem their government-issued economic stimulus checks for gift cards in \$300 increments, to which the company will add \$30 bonuses.

The move follows similar moves by Kroger and Sears.

### **The Food Crisis: Rationing Begins, Concerns Grow, Challenges Mount**

Citing high demand and tightening supplies, Wal-Mart announced yesterday that its Sam's Club membership warehouse stores will begin rationing sales of several kinds of rice, including long grain white, basmati and jasmine. No similar rationing program has been announced for the company's Wal-Mart Stores, and the company has not announced the rationing of any other product categories at this time.

The Sam's Club rationing only is being implemented in areas where local laws allow retailers to limit the quantities of products that they sell.

Meanwhile, the *Seattle Post-Intelligencer* reports that Costco "is seeing higher-than-usual demand for staple foods

such as rice and flour as consumers appear to be stocking up," but that the company has so far been able to manage supply without limiting how much consumers can buy. "If we run out, we're usually back in stock the next day," Costco CEO Jim Sinegal tells the paper.

These trends seem to be just a small part of a much larger global food crisis, called a "silent tsunami" by Josette Sheeran, executive director of the World Food Program, who notes that the food crisis is plunging already desperate nations into deeper crisis and greater cultural, political and economic turmoil.

The price of rice has more than doubled in the past five weeks, and the World Bank estimates food prices in general have risen by 83 percent in three years.

The *Post-Intelligencer* writes, "Unrest over the food crisis has led to deaths in Cameroon and Haiti, cost Haitian Prime Minister Jacques Edouard Alexis his job, and caused hungry textile workers to clash with police in Bangladesh. Malaysia's embattled prime minister is already under pressure over the price increases and has launched a major rice-growing project. Indonesia's government needed to revise its annual budget to respond." And, former U.N. Secretary-General Kofi Annan said more protests in other developing nations appear likely, though "long-term solutions are likely to be slow, costly and complicated."

### **FoodWireTV Debuts In May; Video Series Will Help Consumers Shop, Cook, Eat Smarter**

*Content Guy's Note: As you'll see in about three paragraphs, I have a vested interest in the following story...and I think that this announcement uniquely dovetails with the long term approach and goals here on MNB. So read on...*

SEATTLE - Consumers looking for new and better information about how to shop, cook and eat smarter will have a fresh and invaluable source starting in May, as a new video program, *FoodWireTV*, debuts on Amazon.com and on numerous other online venues.

Featuring a wide variety of editorial approaches – including reviews of the best new and existing products, interviews with thought leaders in the food business, and entertaining travelogue-style visits with people and places bringing food to consumers in unique and provocative ways – *FoodWireTV* will be a video podcast designed to help shoppers make smarter decisions about how and what to feed themselves and their families.

Produced by Kevin Coupe, founder and "Content Guy" for the popular food industry website *MorningNewsBeat.com*, and food industry expert Michael Sansolo, *FoodWireTV* will have a unique point of view because it will be aware of the business trends shaping food consumption but always mindful of consumer needs and desires.

"We think *FoodWireTV* is an ideal way to start talking to shoppers about food in a fundamentally different way – being serious about the subject, while always looking to be entertaining and even irreverent in our approach," said Coupe. "Ultimately, we want to have fun...and we want people to have more fun shopping, cooking and eating. Consumers have a basic desire to be better and smarter about food. That can mean eating healthier, but it also can mean being indulgent, depending on the occasion. And we want to talk about both of those, and everything in between."

"There is a lot of research out there showing that when families have dinner together, they tend to have children with fewer alcohol and drug problems, and who get better grades and are better adjusted," Sansolo added. "If we can move the needle on this just a little bit it will be a major cultural contribution, and Amazon.com is a perfect venue to do so since it has so much appeal to young people."

*FoodWireTV* will be a sponsored program, and a major CPG company already has signed on to sponsor the first program. Negotiations are underway with a number of major and smaller food manufacturers and service providers to advertise on subsequent editions of the new venture.

Coupe said, "Hopefully one of the central advantages of sponsoring *FoodWireTV* will be its presence on Amazon.com, which is a place where consumers are in a shopping state-of-mind and open to suggestions and recommendations about how to better accomplish their food shopping goals."

## **Report: Retail Technology Implementation On The Rise**

According to a new study released yesterday by the Food Marketing Institute (FMI), a variety of technologies are being used by retailers on an increasing basis as a way of cutting costs, serving customers and improving sales and profits.

Excerpts:

- "The technology study found that 48.8 percent of retailers have a frequent shopper program and 90.0 percent of their customers participate in it ... Among supermarkets in the survey, 84.2 percent claim a greater number of weekly store visits from program participants and 76.5 percent cited higher gross margins for shoppers holding frequent shopper cards."
- "Technology helps the supplier-retailer relationship and prevents waste, address inventory problems and avoid additional costs. It also makes communications more effective, decreases the rate of errors and makes it possible to track product preferences. In fact, 85.7 percent of companies use electronic data interchange (EDI), up from 67.0 percent in 2005. EDI is most frequently used for purchase order remittance advice, invoices and advanced shipping notices."
- "Scan-based trading (SBT) is used by 50.0 percent of retailers, up from 26.0 percent in 2005. SBT is the process in which the supplier maintains its inventory within a retailer's warehouse or store until the product is scanned at the checkout. Data synchronization, which ensures suppliers and retailers are sharing accurate and consistent product information, is used by 25.0 percent of respondents."
- "The Internet is used by 93.0 percent of companies at the store level. It is used for a number of in-store applications such as labor scheduling, time and attendance and loss prevention and safety applications as well. Seven in 10 retailers said they also use an intranet as an employee communications tool to post human resource policies and job vacancies and 48.7 percent said they use it to provide training for their employees."

## ***Sansolo Speaks: The Demographic Storm***

***by Michael Sansolo***

One of my favorite quotes comes from former Secretary of State Henry Kissinger. During a particularly rough time in the early 1970s (Vietnam, Watergate, an Arab-Israeli conflict, the Cold War...) Kissinger said, "Next week there can't be any crisis, my schedule is already full."

Mr. Secretary, we know how you feel.

Wherever you are reading this today you are probably feeling a little overwhelmed. Inflation is back; economic news is upsetting; competition is raging on; consumers are cranky, food safety requires constant monitoring...fill in your list here. Well, sorry to bother you, but it's time to think about a crisis about 10 years off.

Because of simple demographic realities, whatever company you are in is staring at a talent shortage. You probably have been hearing about this with more frequency on the news. The airlines, the military, local governments and school districts—it's a topic for everyone. The facts are these: Because the enormous post-

war Baby Boom generation is closing in on retirement age, the US (and some other countries by the way) are headed for a massive loss of top management, top performers, knowledge keepers and more.

What that means is that 64 million workers will be eligible for retirement in 10 years and already the government predicts there will be 10 million more jobs than people.

Luckily, there is a huge generation set to replace us—Gen Y—but the 70 million young people in that cohort are only partially in the work place and many are still in middle school. The real dilemma is that Generation X, the so-called baby bust years, are next in line and their numbers aren't large enough to replace the Baby Boomers.

Jeff Noddle, the ever-insightful CEO of Supervalu, talked about this problem at a recent meeting of the Western Association of Food Chains (WAFC). His words bear careful consideration. As Noddle explained, the numbers create a dire situation because more than ever the food industry will be competing for a smaller than ever number of the best and brightest.

Which means the industry has to quickly get its act together on improving recruitment and retention. (Ok, there is a huge full disclosure statement you need here. I personally worked with Jeff on the plan to switch the FMI show to an education format every other year, beginning in 2009. And I continue to work with FMI on building that new event. Full disclosure aside, if I didn't write about this issue I'd be doing you a disservice in this column. This is an issue that must not be ignored.)

This problem won't be any easier to solve than inflation. The food industry already has a problem with a less than stellar reputation as a place to work. The hours are long and the work can be tough. The industry's image is constantly (and usually incorrectly) damaged in popular culture. (Mr. Whipple didn't help us look cool.)

The challenge we face today (and tomorrow) is finding a way to change all these with incredible speed. We need to improve the image as we train the people we currently have to move up to the higher levels of their companies. We need to sell the image of the industry's importance as a place to work and in the fabric of every town. We need to emphasize the wonderful diversity of jobs and talents that are used in so many companies.

In short, we need to get cracking. Over the next few weeks, you are going to hear lots more about the new FMI 2009 event called Future Connect. Because of my personal connection, I won't comment on the quality of the program and the importance of attending, because I think the event will speak for itself.

But I can say this, there's another great historical quote reminding us that Noah didn't start building the ark when it started raining. Usually, things go best when you act before the storm. That means now.

*Michael Sansolo can be reached via email at [msansolo@morningnewsbeat.com](mailto:msansolo@morningnewsbeat.com).*

## **Stop & Shop Offers Two Reusable Bag Promotions**

Ahold-owned Stop & Shop has announced a new bag policy that looks to get beyond the plastic-paper-canvas debate. For every shopping bag that a customer brings from home – no matter what it is made of – the chain will discount five cents from the total shopping bill. This policy kicks in on May 9.

In addition, the chain has teamed up with General Mills on a bag promotion keyed to this week's Earth Day observations. Through this Thursday, any Stop & Shop customer who purchases \$15 worth of select General Mills products in one transaction will receive five reusable bags for free; General Mills products that are part of the promotion include Hamburger Helper, Green Giant vegetables, Yoplait yogurt, Progresso soup, Old El Paso taco ingredients, and Pillsbury baked goods.

## Wal-Mart Teaches Suppliers How To Sell Product To Wal-Mart

In North Carolina, the *News & Observer* reports that farmers, manufacturers and processors from across the state recently gathered for a one-day symposium designed to teach them how to sell to Wal-Mart. The retailer ran the session as way of putting meat on its stated goal of securing more local product for its Wal-Mart and Sam's Club stores.

"Small-business owners are eager to tap retailers on the scale of Wal-Mart, which can generate major sales and consistent paychecks, despite the potential headaches, including notoriously shrewd negotiations on price and contract terms," the *News & Observer* writes. "For Wal-Mart, local sourcing is an opportunity to impress an increasingly conscientious public concerned about the national trade deficit, rising fuel prices and environmental concerns related to long-distance transport and shipping. That benefit can outweigh the hassle of dealing with greater numbers of small and relatively unsophisticated suppliers." And, "on a broader scale, Wal-Mart recognizes that local suppliers often have a more intimate understanding of local needs, which are not always in sync with regional or national trends."

The symposium was the second run by Wal-Mart in the southeastern US, and the company reportedly is considering holding more.

There are some pretty significant dollars involved here. The *News & Observer* reports that in North Carolina, "Wal-Mart is looking to buy more locally produced textiles, apparel, furniture and especially agricultural products. The company reports that it bought \$4 billion worth of goods from 1,829 state vendors in the 12 months that ended in February 2007, the latest data available."

## FastNewsBeat

- The *New York Times* reports this morning that as Starbucks struggles to get back to its coffee brewing roots, the company has reorganized its entertainment division.

"As part of the changes, Starbucks said Ken Lombard, president of the entertainment unit since 2004, had departed," the *Times* writes. "Chris Bruzzo, the chief technology officer, will take the reins of the division, which selects and markets music, books and other items sold in Starbucks coffee shops.

"Starbucks also said it would turn over management control of Hear Music, its in-house record label, to its partner in that venture, the Concord Music Group."

- GMDC announced its partnership with LearnSomething, Inc., described as "the leading provider of e-learning solutions for the food, drug and mass retail industries," to provide GMDC member companies with a suite of e-learning tools that will impact productivity at both the store and buyer/merchandise levels of their operations.
- The *Orlando Sentinel* reports that Freshco International Supermarkets, a small chain of stores that caters specifically to the Hispanic marketplace, "has quietly expanded in Central Florida during the past few months, opening grocery stores in Orange City, Kissimmee and Orlando ... The chain now has six locations, with two stores in Port St. Lucie."

The moves come as much bigger companies such as Publix and Wal-Mart ramp up their Hispanic offerings in order to appeal to local consumers in the region.

- *USA Today* reports that "federal food-safety officials are considering whether labels on some frozen chicken products adequately inform consumers that the chicken is raw and provide sufficient cooking instructions. Stuffed chicken entrees — which look cooked because they're breaded and prebrowned so that the breading sticks — are

blamed for five salmonella outbreaks since 1998 that sickened 71 people, Minnesota health officials say. For every illness detected, more go unreported, officials say.”

### **The MNB Wal-Mart Watch**

- *Business Week* reports that Wal-Mart has promised state legislators in Arkansas that any product that carries a radio frequency identification (RFID) tag will be clearly labeled, a move made to alleviate concerns that the technology could be used to gather demographic and purchasing information about specific customers.

However, Wal-Mart also said that while the tags are used to increase efficiency and lower the cost of goods, they do not contain or transmit any customer information. Labeling the tags will give shoppers the ability to remove them after they have left the store.

Wal-Mart reportedly intends to put RFID tags on all products sold by its Sam's Club unit by 2010.

- The *Wall Street Journal* reports this morning that Wal-Mart is making another go at the fashion business and has been "striking deals to bring in new brand-name designers and apparel. Among them: the once red-hot Norma Kamali, known for jersey draped dresses, sleeping-bag coats and ensembles made from gray sweat-shirt material, who is creating a clothing line for Wal-Mart that will debut in the fall.

"Wal-Mart also has signed deals with California surfer brand Op and Jones Apparel Group's junior jeans line l.e.i."

The moves come even though Wal-Mart – stung by a series of fashion missteps – had said that it planned to return to a fashion business dominated by t-shirts, pants and socks.

### **The Balance Sheet**

- Safeway yesterday said that its first quarter profit was up 11 percent to \$193.4 million, up from \$174.4 million during the same period a year earlier. Revenue rose 7 percent to \$10 billion from \$9.3 billion in the year-ago period.

Reflecting a consumer trend in which people are trading down for less expensive products, CEO Steve Burd said, Safeway's own-label food sales are outpacing those of national brands.

### **Executive Suite**

- Dean Foods has hired Kelly Duffin-Maxwell, the former senior vice president of breakthrough innovation at Kraft Foods, for the newly created position of executive vice president, R&D.