

## - Retail Industry News from IRI for Week Ending 5/2/08-

---

*Below is the list of articles you will find for the week ending 5/2/08 edition of Retail Industry News.*

- ▶ Safeway Announces Own Economic Stimulus Program
- ▶ FoodWireTV On The Lookout For New Products At FMI
- ▶ Stocking Market Grows For US Food Shoppers
- ▶ FMI CEO Tim Hammonds To Retire
- ▶ Loyalty Programs Back In Vogue As Economy Falters
- ▶ Safeway Expands Distribution Of Healthy Food Brands
- ▶ Sansolo Speaks: Give Me A Break
- ▶ Giant Edits Grocery Selection In Search Of Efficiency
- ▶ Shoppers Go On "Recession Diet"
- ▶ FastNewsBeat
- ▶ The MNB Wal-Mart Watch
- ▶ The Balance Sheet



Thanks to MNB  
for this selection of  
articles.

### **Safeway Announces Own Economic Stimulus Program**

Safeway yesterday announced that all of its stores will cash for free the economic stimulus checks being distributed by the federal government, and will award customers who have a Club Card a 10 percent discount certificate that is good on purchases made within 48 hours.

"We are pleased to offer this no-cost check cashing service and to provide customers with an extra discount to help stretch these funds farther," said Safeway CEO Steve Burd. "We understand that most people have plans for their checks. Our program provides consumers the freedom to allocate their rebates according to their needs, while enjoying a 10 percent savings if they spend some of it at Safeway."

The program runs from May 14 through July 19, 2008.

### **FoodWireTV On The Lookout For New Products At FMI**

As previously announced here on *MNB*, May will bring the debut of new webcast called *FoodWireTV*, designed to help consumers shop, cook, and eat smart...and the first edition will in part be shot on location at the Food Marketing Institute and United Fresh Marketplace shows scheduled for next week in Las Vegas.

The premiere program will be looking almost exclusively at new food products – so if you have one that you believe will knock consumers' socks off, send an email to [kc@morningnewsbeat.com](mailto:kc@morningnewsbeat.com) so our video crew can stop by your booth. *FoodWireTV* will be seen in a wide range of online venues, including on Amazon.com, so it is a great opportunity for significant exposure for your products.

### **Stocking Market Grows For US Food Shoppers**

The *Wall Street Journal* reports this morning that "even as rising food prices have triggered protests in developing countries, Americans are rediscovering the economic virtues of a well-stocked food pantry and storage freezer, and embracing discount and wholesale retailers for cut-rate meals.

"Stockpiling staples such as rice, meats and canned soup is coming into vogue again as food inflation and \$3.60-a-gallon gasoline have consumers cutting the frequency of shopping trips -- and loading up carts when they do shop. Sometimes shoppers are prodded by fears of impending food shortages, though none have yet materialized in the U.S."

## FMI CEO Tim Hammonds To Retire

Tim Hammonds, the three-decade Food Marketing Institute (FMI) executive who has served as its president/CEO for the past 15 years, announced his retirement yesterday. Next week's FMI Show in Las Vegas, where he will give the annual "FMI Speaks" state-of-the-union presentation, is expected to be his last in the role.

A search committee, chaired by former Hy-Vee CEO Ron Pearson, has been created to find a successor to Hammonds, who will stay in the job until a new CEO is found.

In a prepared statement released by FMI, the organization's current chairman, Steven Smith of K-VA-T Food Stores, said that Hammonds "ably led the organization during a time of extraordinary change in the industry."

And, he said, "Tim Hammonds has made a major contribution to the expansion and enhancement of a number of programs that will continue to be of significant benefit to the food industry, especially in the areas of food safety, social responsibility, industry relations and political action."

## Loyalty Programs Back In Vogue As Economy Falters

The *Wall Street Journal* reports that as rising prices cause shoppers to cut back on their spending, "one way retailers are hoping to get customers back into their stores is by offering all sorts of new rewards programs and in-store bonuses to their most loyal customers."

Sometimes the retailers encourage shoppers to accumulate points aimed at a big reward; sometimes they offer immediate gratification in the form of freebies and bonuses; and sometimes they offer targeted rewards based on past purchasing behavior. But the broader theme is the same – that retailers believe they can generate repeat visits through the use of various kinds of loyalty programs.

## Safeway Expands Distribution Of Healthy Food Brands

Safeway announced that it has created something called the Better Living Brands Alliance, which it will use to market its O Organics and Eating Right product lines across all retail channels – including foodservice and global markets – starting later this year.

According to the announcement, "The mission of the Alliance is to provide Health and Wellness food and beverage solutions via two proven Multi-Category Lifestyle Brands: O Organics and Eating Right ... The Alliance includes world-class manufacturing, marketing and distribution companies as Brand Licensees. Co-pack and distribution partners have also been signed to provide a robust supply chain network."

## *Sansolo Speaks: Give Me A Break*

*by Michael Sansolo*

It finally happened. While out on a typical retail experience this weekend, I finally saw a company position jobs in just the way I always dreamed they should and could be.

It started with a poster that called out: "It's not just a job, it's a career." The poster called out all the benefits of the job. Instead of talking about the tough hours, it read "flexible hours." Health benefits, career building skills and even uniforms were positioned as a positive. It reminded applicants that many of the most successful people in the company began with the lowest level jobs.

Even the picture used was well thought out. It featured a young Caucasian man and woman, standing together with an African-American man, a Hispanic woman and an Asian woman. It screamed diversity. It screamed opportunity. It screamed "take our application."

Best of all, the attitude of the signage was reflected in the workers I met. One young woman quickly helped with me a question and just as rapidly suggested an extra purchase for me to add. When I asked if she was a manager, her response was incredible. "No I'm not. But we all like to work that way here."

It was a great, great experience and sadly, this all happened in McDonalds. What made this worse was when I went into nearby supermarket the approach couldn't have been more different. No sign about the great careers that truly exist in the supermarket industry. Nothing about the flexibility of hours or the incredibly important role we play in the community. Rather, it had a simple sign proclaiming "help wanted."

Given the demographic realities caused by the coming retirement of the Baby Boom generation and the increasing competition for every employee at every level, this was a contest McDonald's won hands down. And while many supermarkets are far better than the one I visited, there was an easy take-away from this visit. When it comes to employees, McDonalds has raised its game. Maybe everyone else gets a break today.

Raising your game is something we should never forget, no matter how small the improvement. Kevin Coupe made an interesting comment last week about the 20th anniversary of the release of "Bull Durham," a movie that I too love for both sports and general lessons. While some of you might find parts of the movie objectionable (be forewarned) it's worth viewing to reach the key lessons.

The dialog Kevin quoted last week captured the essence of the lessons. It comes near the end of the movie when the lifelong minor leaguer explains to the white hot rookie the incredibly small difference that keeps one player in the bush leagues and sends the other to Yankee Stadium.

It's the simple lesson of the difference between good and great. Sometimes the difference is luck, sometimes skill and sometimes hard work. It may not be fair, but it's the small things that make up all that difference. Add to that list, the difference of McDonald's coming up with an upbeat recruiting message for some of the least desired jobs out there.

One thing more: "Bull Durham" is a great movie ... *the best sports movie ever?*

Sorry to disagree, but the vote here is for "Hoosiers."

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

## Giant Edits Grocery Selection In Search Of Efficiency

The *Associated Press* reports that Ahold-owned Giant in the DC/Baltimore marketplace is in the process of editing its grocery selection as it revamps its stores, "streamlining their inventories and discontinuing the bottom-selling products to make room on the shelves for larger quantities of fewer products."

The stores will still carry 50,000 SKUs, but the chain seems to think that the move will simplify the shopping experience while taking costs out of the supply chain and reducing operating costs; however, the *AP* story notes that at least some shoppers are frustrated because they cannot find the products they are used to buying at Giant. And some shoppers say that Giant hasn't resolved a central problem – that its products are more expensive than at the competition's stores.

## Shoppers Go On "Recession Diet"

The *New York Times* reported over the weekend on consumers finding numerous ways to save money on groceries as they cope with the economic downturn, including:

"In Ohio, Holly Levitsky is replacing the Lucky Charms cereal in her kitchen with Millville Marshmallows and Stars, a less expensive store brand ... and in Michigan, Jennifer Olden is buying Gain laundry detergent instead of the full-price Tide ... (and) Holly Levitsky, a 56-year-old supermarket cashier in Cleveland, buys a brand of steak sauce called Briargate for 85 cents and surreptitiously pours it into an A1 steak sauce bottle she keeps at home." The *Times* notes that while in some cases people are trading down in terms of brand names, there also are times when people are simply choosing less expensive options – like pasta instead of red meat. And, as they do so, it forces "retailers, restaurants and manufacturers to decode the tastes of a suddenly thrifty public."

It isn't just in supermarkets that people are making such decisions, of course. This same trend is seen when people choose an airline, a hotel, a brand of clothing or a restaurant. It means, according to various measurements, that people are drinking less booze (or the cheap stuff when they are drinking) and less Starbucks, while Wal-Mart's "always low prices" promise suddenly seems exceptionally timely.

"Behind the belt-tightening — and brand-swapping — is the collision of several economic forces that are pinching people's budgets or, at least, leaving them in little mood to splurge," the *Times* writes. "The price of household necessities has surged, with milk topping \$4 a gallon in many stores and regular gasoline closing in on \$3.60 a gallon nationwide. Home prices are sliding, wages are stagnant, job losses are growing and the Standard & Poor's 500-stock index, a broad measure of stock performance, is down 6 percent in the last year. So consumers are going on a recession diet."

## FastNewsBeat

- Connecticut-based Stew Leonard's, which traditionally has given shoppers a free ice cream cone for every \$100 they spend in the store, now is giving away a cone to shoppers who use at least one reusable cloth bag for their groceries.
- As expected and reported almost everywhere yesterday, Mars and Warren Buffett's Berkshire Hathaway Corp. are teaming up for a \$23 billion acquisition of the Wm. Wrigley Jr. Co, creating a confectionery behemoth that some experts think will result in a series of mergers that will reshape the category.
- The *Chicago Tribune* notes that the price for organic milk is likely to rise in the very near future, following the lead of traditional milk, what has seen double-digit cost increases: "Many of the same factors that sent conventional milk prices soaring - climbing feed and fuel costs, for instance - are also at work in the organic world. It just takes longer for rising costs to wend their way through the organic food market because of its relatively slow-moving pricing system." Published reports say that Bi-Lo plans to unveil a new limited assortment, discount-driven format store in North Carolina next week. The store, said to be called Food\$mart, will have both national and regional brands, as well as own-label products, but will have limited sizes and what the company is calling "limited frills:" shopping experience.
- Steve Burd, chairman/CEO of Safeway, has received the Corporate Heart of Gold Award from the American Heart Association, recognition for his work in the health care segment, his focus on reducing heart disease in his workforce, and broad efforts to reform the nation's health care system.
- The Grocery Manufacturers Association (GMA) has launched a new website designed to provide food safety information to consumers, the media and government policymakers: [www.keepfoodsafes.org](http://www.keepfoodsafes.org).
- The *Wall Street Journal* this morning writes that the previously reported visits by the UK Office of Fair Trading (OFT) to Britain's largest food retailers – as it probes possible price fixing – also included "visits" to the British offices of Procter & Gamble, as well as requests for information submitted to Unilever, Reckitt Benckiser and Mars Inc.

## The MNB Wal-Mart Watch

- The *Boston Globe* reports this morning that during an analyst meeting in New York, Wal-Mart US CEO Eduardo Castro-Wright said that the company's low price positioning is both keeping its low-income customers loyal and attracting more affluent shoppers feeling the pain of the economic slowdown.

"It's up to us with our store experience to capture their (more affluent customers') imagination and make sure they shop with us when things turn around...We are very well-positioned because, first of all, we have credibility in price leadership. That's not something you build overnight," Castro-Wright said.

## The Balance Sheet

- Publix announced that its Q1 sales were \$6.2 billion, up six percent from the \$5.9 billion generated during the same period a year ago, with same-store sales that were up 3.6 percent. Profits for the quarter were \$343.2 million, up from \$317.6 million a year ago.
- Harris Teeter said yesterday that its Q2 profit was \$46.4 million, up from \$38.2 million during the year-ago period. Second quarter sales grew to \$893.1 million from \$805.6 million a year ago.
- Clorox said that its third quarter profit was down almost 23 percent to \$100 million, from \$129 million during the same period a year ago. Q3 sales rose nine percent to \$1.35 billion.
- CVS Caremark Corp. said that its Q1 profit climbed to \$745 million, up from \$405.4 million in the prior year. Revenue for the quarter was up 61 percent to \$21.3 billion, up from \$13.2 billion a year ago.