

- Retail Industry News from IRI for Week Ending 5/9/08-

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Thanks to MNB
for this selection of
articles.

Reporting In From FMI: Once Again Into Uncharted Territory

by Michael Sansolo

Content Guy's Note: This morning, at the annual Food Marketing Institute (FMI) Show in Las Vegas, outgoing FMI CEO Tim Hammonds will present the association's annual "Speaks" report on the state of the industry, which includes data on industry trends and consumer concerns that was gathered in a number of separate research studies. Michael Sansolo, who delivered the "Speaks" presentation for the past dozen years while he was a senior vice president at FMI, authored a summary of this year's industry trends report for FMI, and shares a version of that summary – in essence, a preview of the "Speaks" report – here.)

The crystal clear results found by FMI for the year just past stands in stark contrast to the cloudy, complex and confusing face of the future. In a time of such incredible volatility of prices and economics, the questions about the future in many ways tower over the results making them less significant than in most years. Let's consider some of the most important questions.

Will sales gains keep pace with price hikes? Although industry wide sales gains roughly equaled the rise in the Consumer Price Index in 2007, it's hard to know if that situation will continue at all into 2008. The concerns about economic conditions—both price and lack of growth—accelerated with such speed in the early part of 2008, that the results from the previous year tell us almost nothing. Only recently have retailers and restaurateurs—begun reporting evidence of trading down both in products bought and a reduction in shopping trips.

The bigger question is whether this is good or bad news. For many retailers, rising prices will enable them to report the highest level of sales growth in decades, even if those gains are largely illusionary. Plus, there is speculation that a worsening economy might push consumers to eat home more often. Both cases are more complex. The ability to pass along price increases will grow ever more difficult as the economy worsens and shoppers get more price sensitive. And the movement of meals back home is not guaranteed either. It's also likely that shoppers will simply trade down among restaurants.

Inside the store, the shape of sales might provide some interesting questions. Given all the attention to improved private label products, will worsening economic conditions fuel a flight to these products (and

potentially improved profits) or will consumers suddenly be put off by the more premium look given these same products? Let's keep in mind that the CPI is a limited gauge of how consumers change shopping patterns year to year. The government's market basket tracks the same products as if shoppers show no reaction whatsoever to varying prices of different commodities.

Will new competitors or formats emerge? One of the most interesting findings in "Speaks" this year is the lowering level of anxiety about many formats, including supercenters, clubs and limited assortment stores. The competitive power of all three grew significantly during previous economic downturns and all three might be well positioned to do so again. Of course, there's always the potential of new formats or competitors emerging thanks to today's economic conditions. The downturn of the 1970s accelerated the growth of barebones warehouse stores. The late 1980s gave us the explosion of supercenters (run by mass merchants) and clubs. And the brief downturn in the early part of this decade helped fuel the growth of dollar and limited assortment stores. Who knows what's next?

Why is this fuel crisis different than previous ones? Sudden price hikes in fuel prices have happened before, but the current run up in prices is different. In the past, the price hikes were largely caused by changes in supply thanks to the volatility of the nations containing most of the world's fuel oil supplies. (Remember OPEC?) Though that volatility remains, this time the hikes are more heavily linked to growing global demand, especially due to the booming economies of the world's two most populous countries, China and India.

Rising fuel prices impact shoppers' moods and spending power, which both hit the industry. In addition, the rising cost of fuel raises the cost of moving products through the supply chain. What's different today is the impact on the food supply thanks to the growing use of grain-based bio-fuels. In the US, the appetite for ethanol is increasingly tied to price hikes on everything from chicken to bread, raising the question of the long-term impact on food prices.

The questions don't stop there. The industry faces new challenges from the demographic time bomb of the looming mass retirement of Baby Boomers to the growing challenge to data security thanks to increasingly sophisticated hackers. As the "Speaks" worry chart shows, many other challenges also loom.

The great baseball philosopher, Yogi Berra, once commented that something felt like "déjà vu all over again." When it comes to the raft of issues facing the supermarket industry today, just the opposite may be true. Many of these factors have been around before, but never as they are today. The lessons of the past may tell us less than ever about the years to come.

The entire FMI Speaks report can be purchased at www.fmi.org/store/.

Other FMI notes from the Content Guy...

- In Sunday's keynote session, Andrew Winston, author of "Green To Gold," made the case that "green" business strategies can lead to enhanced profits, and used Wal-Mart as an example of a company that has done a remarkable job of synergizing environmental attitudes with the profit motive. Another example - concentrated detergents that use less water, and require less packaging, less cardboard for cases, and, ultimately, less gasoline for transportation of the product.

Another compelling statistic – Winston suggested that 92% percent of undergraduates surveyed say they want to work for "green" companies.

And, Winston pointed to the connection between transparency and "green" attitudes, using as an example the way Stonyfield Farms lists a code on the lids of its yogurts that gives customers a way to get information on environmental rankings for many companies. The bottom line is that someone else can make you transparent, regardless of what you want.

Reporting In From FMI, Day Two: Consumer Trends, The Internet, & More

by Michael Sansolo

Content Guy's Note: Once again, MorningNewsBeat contributing columnist Michael Sansolo – who was a senior executive with the Food Marketing Institute (FMI) for some 13 years – offers analysis of some of the FMI research and conclusions presented at the association's annual show in Las Vegas. A version of this piece originally appeared as part of FMI's "Consumer Trends" report.

Consumer attitudes toward the economy, shopping, products and meals are changing in many ways that provide clues about worries and opportunities for the food industry going forward. "Consumer Trends," the annual FMI study of shopping habits that forms part of the basis of the FMI state of the industry speech, picked up on many of the key elements this year.

Here are some highlights from that report..

- **Price Power Grows** — Most years, the increasingly diverse nature of the American population makes broad generalizations relatively meaningless. Instead, building successful links with a loyal shopper base requires keen attention to the specific needs of various niches. However, with the economic outlook darkening, the power of price is asserting itself again — raising significant areas of concern. Throughout "Trends," shoppers showed renewed emphasis on price as a key factor in selecting a primary or secondary store. Yet, price is one of the main areas where shoppers see industry performance falling short of the importance they place on various store attributes. And it is highly likely that the growing share of shopping trips taken by supercenters is boosted by the emphasis this format places on price. As price sensitivity grows, even to shoppers with higher levels of income, operators are going to face a powerful squeeze between passing on rising food prices and the need to meet shopper concerns over those same prices. To paraphrase a long famous movie line, "Fasten your seat belts, it's going to be a bumpy year."
- **The Other Half** — As economic issues move to the center of the nation's awareness, value shopping is grabbing headlines. The grocery shopping decision-making process has grown far more complex and smart retailers will need to keep a close eye on shopper patterns. For instance, will cherry pickers make a huge return in a time when gasoline prices are historically high, or will shoppers understand the trade off between two or three shopping stops versus the additional cost involved? How will shoppers respond to private label products, many of which have considerably improved over the years, and some of which have also taken on a premium look and feel? What's more, the median household income in the U.S. remains around \$45,000 per year. The strategies and merchandising that works for those in the upper half may be radically different than what works for those in the lower half, who were already struggling to make ends meet before the downturn took hold. Every economic downturn is unique and the strategies employed by both shoppers in stores in previous periods merit consideration along with examination to see if those same strategies are relevant today.
- **Talk to Them!** — Shopper opinions on food safety always make for challenging interpretations. As the bouncing number of consumer confidence shows, shopper opinions can be wildly swayed by the events in the news and the proximity of such events to the timing of surveys. In more than any other part of "Trends," food safety requires interpretation and creativity. After all, for the vast majority of shoppers the store is their only connection to the food supply. While information comes from myriad sources including the media and government and consumers may believe problems are caused at processing plants, at farms or even across oceans, their only place to take action is in the aisles of the supermarket. It raises the question of what kinds of information could be best communicated through the store in labels, signs, employees or even emails. New programs to better educate shoppers on food safety, sourcing, science and even problem alerts might all help stores better cement relations with shoppers and create improved food handling from farm to the family table.



- **The Most Important Meal** — Supermarket operators can find so much good news in consumer responses to mealtime dilemmas this year. Supermarkets are seen as providing healthy and economical alternatives to restaurant meals, certainly two of the most important issues facing shoppers in 2008. However, shoppers don't always behave as well as they suggest and that in itself is cause for alarm. Within the restaurant industry, much of the discussion centers on whether diners will trade down during an economic slowdown, moving more meals to fast food places and away from sit down. A move back to home cooking—even in today's simplified form—may not be the first alternative. The biggest cause for alarm in these statistics should surround the discussion of breakfast. Only about one-third of shoppers are regularly having the first meal of the day at home, a statistic that would have been unthinkable a generation ago. After all, breakfast probably offers the most economical option, the simplest meal preparation and incredible diversity in healthy choices. Yet, breakfast is rarely merchandised as a meal. Whereas the typical McDonald's changes signs and menus for breakfast, the supermarket breakfast offering remains largely unchanged. Cereal is still in one aisle, milk in another (thankfully near juice) and bananas are rarely featured any place but produce. Although shoppers have changed drastically, little attempt is made to promote breakfast as a meal with the same flair given dinnertime meal solutions. Nutritionists have long referred to breakfast as the most important meal of the day. Merchandisers may need to catch up.

- **Fresh Approaches** — The important role that meat, poultry, fruits and vegetables play in the success of traditional supermarkets is laid clear every year in "Trends." While supermarket share of many categories continues to slide, meat and produce remain the critical areas where conventional operators maintain a lock on shopper loyalty. In sharp contrast, supercenter shoppers continue to move a significant share of their meat and produce spending to other formats and stores. However, those stores' share of these critical products continues to improve and the near future may favor even more growth. Throughout "Trends," shoppers show increasing concern about price and the economy, factors that favor supercenters. Conventional operators will be challenged to avoid the erosion in product dominance seen in areas like paper products or breakfast cereals. Already, retailers report anecdotal evidence of trading down in their aisles and similar trends are beginning to surface in the foodservice industry, where quick serve restaurants are taking market share from sit down establishments. Of course, there is no single approach to winning shopper loyalty. Emerging issues like environmental concerns or bio-fuels continue to gain attention among an increasing share of shoppers. Even in difficult economic times, a significant share of customers seems ready to make environmental concerns, natural eating and health and wellness concerns key to their shopping decisions.

(FMI's complete "Consumer Trends" report can be purchased at www.fmi.org/store.)

Other FMI Show news from the Content Guy...

Provocative presentation yesterday morning by futurist John Patrick, author of "Net Attitude," in which he suggested that the Internet has grown to its infancy," and that when it comes to the Internet revolution, "you haven't seen anything yet." Patrick said that the Internet is becoming ever-more pervasive, affecting millions of businesses, billions of people, and trillions of devices – "everything will be connected to everything," he said, creating an environment in which businesses must embrace "the power of the click" if they are to be relevant to consumers.

Patrick derided those who suggested that we might just be in another Internet bubble, saying that he collapse of so many Internet companies a decade ago was not the fault of the Internet, but rather of investors who were "ebullient about changing the world and making water run uphill." Today's Internet companies and investors are far more practical about their business models, he said, and another collapse is less likely.

But here was the big message from Patrick: that companies designing an Internet strategy had to do so around consumers' needs, not their own. They need to decide, "is it a tool for the business or a tool for the people? There is a fundamental difference," Patrick said, and he said that to be truly successful, "you have to think from the outside in – you have to listen to the people."

Which sounds like a pretty good mantra to apply to all elements of the retail business.

The annual *Prevention* magazine "Shopping For Health" survey was released at FMI, with revelations that include:

- "Nearly everyone (80%) tries 'a lot' or 'some' to eat healthfully. Among those who try a lot, 10 percent say they are 'always successful'."
- "Successful eaters say their grocery decisions are driven strongly by goals to manage weight (52%). They are also more likely than average to shop in order to avoid future medical conditions or manage a current condition."
- "They develop a plan and stick to it, starting with using a list when they shop — done by 65% of healthy eaters, compared with 42% of all consumers."
- "Their plans include eating more fruits and vegetables (87% vs. 63% of all shoppers), limiting foods with trans fats (79% vs. 63%) and reducing portion sizes (79% vs. 47%)."
- "Eighty three percent eat dinner at home five to seven times per week, giving them better control over healthy ingredients, compared with 66% of total shoppers."

The "Shopping for Health" report also suggested that "local" is growing in appeal to shoppers, with half of those surveyed saying that if the cost is the same, "they would choose locally grown produce vs. organic." Only 28 percent said they would choose organic under the same circumstances. In addition, a number of consumers said they were moving away from organics, with 70 percent saying they are too expensive, 39 percent saying there is a lack of perceivable difference between organic and non-organic foods, and 33 percent saying that have safety concerns.

FMI unveiled its annual "state of the industry" research, saying that "supermarket industry sales increased 4.6 percent in 2007, and same-store sales rose 4.2 percent, the highest mark for this performance measure in more than a decade. These gains, however, were largely offset by the 4.2 percent food-at-home inflation rate last year.

"Unlike previous years, mid-sized food retailers (31-100 stores) posted the highest growth figures with overall sales increasing 7.4 percent and same-store sales 6.5 percent. The increases among independent retailers (1-10 stores) and the largest chains (500 or more stores) were closer to the industry medians. Among independents, overall sales grew 4.6 percent and same-store sales 4.4 percent. For the largest chains, these growth figures were 5.2 percent and 4.2 percent, respectively."

FMI CEO Tim Hammonds said, "The industry performed quite well in an extraordinarily challenging year ... Companies managed spikes in energy, commodity, healthcare and credit card interchange costs, along with relentless competition in the industry."

FMI announced the Grand Prize winners of the 2008 Store Manager Awards:

- Ralph Towery, manager of the MarketPlace Foods store in Minot, ND, in the category of companies with 1-49 stores.
- Cheryl Rondenelli, manager of a Hannaford Bros. Co. supermarket in Clinton, NY, in the category of companies with 50-199 stores.
- And Mark Halvorson, manager of a Cub Foods store in St. Paul, MN, for companies with 200 or more stores.

Reporting In From FMI, Day Three: Looking Forward

Content Guy's Note: On Tuesday, at the Food Marketing Institute (FMI) Show in Las Vegas, the trade association unveiled some of the details for the 2009 event – which will be an education-only program entitled Future Connect and is scheduled for May 4-6 in Dallas, Texas. (Future Connect will alternate with the more traditional FMI Show, which is next scheduled to take place on May 10-13 in Las Vegas.)

Leading the effort for FMI in terms of designing the new event is our own Michael Sansolo, who spent 13 years as the organization's senior vice president of education before going off on his own about a year ago. So it made sense to ask Michael to explain exactly what Future Connect is going to be, and the rationale behind it..

The closing of the FMI show in Las Vegas today marks the beginning of a new era. A year from now, FMI will take a hiatus from its annual exhibit show and open in its place a brand new event geared to building leadership throughout the industry.

Few can debate the need for the new event. As Denise Morrison of Campbell's explained at the FMI show, demographic realities loom large for the staffing of every company. Over the next decade, the children of the massive Post-War Baby Boom will begin retiring. The impact of that event will create a gulf of 10 million jobs in the United States. More frightening, those retirees will deplete the management and leadership ranks of companies throughout the economy. FMI's new event, Future Connect, is aimed at filling that gap.

Future Connect, which was designed by a committee of retailers, wholesalers and suppliers, aims to build leadership and management skills for current employees ranging from front line store level or sales jobs all the way up to top management. The range of courses includes basic skills such as how to hire better and manage an increasingly diverse workforce; how to improve financial and budget skills; and more difficult skills such as improving trading partner relations or understanding the changing nature of food, shopping and shoppers themselves.

The new educational program will feature tracks for front line managers, middle managers and top management, as well as focus on building personal performance, better guiding the people around you and building store and company profit. Courses will be designed to maximize discussion and networking by including team exercises in problem solving. Among the speakers already signed up to participate are management guru Dr. Stephen Covey, business publisher Knight Kiplinger and a host of industry leaders and topic experts. (Additional information on the program, including early registration discounts, can be found at www.fmi.org.)

Other FMI Show notes from the Content Guy..

In comments made about the newest study done by the Coca-Cola Research Council, the current chairman of the council, Sweetbay Supermarkets CEO Shelley Broader, noted that the notion of drawing a direct line between food and health/wellness is a tremendous opportunity, "but it also is a tremendous risk" because of the disconnect between what consumers say and what they do. Not only do shoppers not believe that supermarkets are the best connection between food and health, but while they say they want to eat healthy, they simply don't follow through on those statements when making shopping decisions.

There is, Broader said, the wide chasm between "stated importance and derived importance," and it is not unique to health and wellness. She said the same gap existed in the area of sustainability, when consumers would say one thing and do another, "but then something happened to close that gap." In the case of sustainability, it was the high cost of energy...which has driven consumers to start to follow through on the statements they were making. "Something will happen to close the gap in health and wellness," Broader said. "We don't yet know what it will be." It could, she said, be a personal health issue for some shoppers, or it could be a macro event affecting the health care system. But it is all a matter of both timing and patience...and being ready to deliver on the promise when those events occur, and not being "outfoxed by another channel of trade."

In the same session, Christopher Dimos, president of pharmacy operations for Supervalu, suggested the idea of the in-store pharmacy – "solution center for the sick, and destination center for the healthy." Which sounded like a pretty strategy to us.

A panel of retailers and manufacturers – including Coleen Wegman of Wegmans and Sandy Douglas of Coca-Cola – participated in a panel discussion about industry collaboration, based on a pilot program designed to help trading partners work together more successfully.

Essentially, the bottom line was this – that as trading partners work together to jointly own the process of moving product through the system, the goal ought to be to focus on working together to satisfy and sell products to the end consumer, rather than on just fixing trading partner problems.

The four pillars of such an effort should be, according to the panel:

- Focus on the consumer;
- Connect business information with trading partners;
- Prepare your people for a new world;
- Share the supply chain.

Martin Lindstrom, author and self-described "brand futurist," revisited remarks that he made at the FMI Midwinter Executive Conference earlier this year, but one of his points was certainly worth reiterating – the role of the senses in in-store marketing. He suggested what he called "5-D space management," which endeavors to engage all the consumer's senses as he or she walks through the store.

Of particular merit – especially in the supermarket – was the role of smell. While Lindstrom talked about "sensory chaos," in which colliding smells cancel each other out and confuse the consumer, it would actually be more accurate to suggest that most supermarkets – which should, by their very nature, be filled with enticing and appetite-inducing aromas – have little nose appeal. They simply aren't designed that way.

One would hope that at least some of the audience members might return home to their stores and try to figure out how the aromas of fresh breads and cookies, for example, might be used to bolster their image as compelling, food-driven retailers.

More tomorrow...

Reporting In From FMI: Final Thoughts

Notes & commentary from Kevin Coupe

There was a sense of both anticipation and trepidation at this year's annual Food Marketing Institute (FMI) Show in Las Vegas, based on various casual conversations held and overheard during four days there.

Much of it was keyed to the imminent leadership changes taking place at FMI; CEO Tim Hammonds announced his retirement just days before the conference began, and there is tremendous speculation about who will replace him and what it will mean to the organization. There is a sense – both on the part of retailers and manufacturers – that this is a time of opportunity for FMI...though there is by no means any sort of unanimity about whether the organization's leadership will meet the challenge.

What should be the role of a trade association? And how should the business model of a trade show change to reflect an evolving marketplace? (People continue to wonder about a food industry trade show at which companies such as Pepsi and Sara Lee do not exhibit. Can such a show be relevant? And does going to an every-

other-year schedule make it more relevant, or less so?) These are the questions that people seemed to be asking, and it may be that FMI's members are ready for a little revolution, even if the notion worries them a bit.

"Think big, act bold, start simple, iterate fast," said futurist/author John Patrick in his Monday presentation about the Internet, and that seems like a pretty good model for how FMI should proceed at this juncture in its history. People with whom I spoke suggested that bold moves are called for, such as the consideration of new alliances or even mergers with organizations such as CIES, the Grocery Manufacturers Association (GMA), the National Grocers Association (NGA) or the National Association of Convenience Stores (NACS).

(In fact, NACS CEO Hank Armour often is mentioned as the model for the kind of person who could replace Hammonds; Armour is smart, relatively young, energetic, extremely aggressive and very focused in pursuing the NACS agenda, and he is a former retailer who "gets it.")

And so, there is much anticipation about next steps for FMI, even if there is trepidation...because there are more than a few people who think that it is unlikely that a bold move will be made, and that the opportunity will be missed. Or worse, avoided.

However, while there are those who feel anticipation and others who feel trepidation – and some who feel both – there is another group of people who feel something else. Apathy. They think that it doesn't matter what FMI does, or any trade association, for that matter. They think that this is all "inside the beltway" stuff, and that it has little impact on the day-to-day conduct of business.

Apathy, I suspect, is FMI's worst enemy. And if it is to be relevant for a changing industry, and to embrace the kind of revolution that can redefine its role and mission, then it has to take aim at apathy first and make a persuasive and compelling case for why people and companies should care.

The Baby Boom Retirement Wave Approaches The Beach

In a story that hints at the kinds of problems that private industry will face in just a few years, the *Washington Post* reports that US federal agencies could lose as many as 25 percent of their employees by 2012, mostly through retirements by baby boomers – and that this trend could severely compromise the government's ability to deliver basic services.

And, the *Post* writes in a sentence that could reflect a lot of industries, not just the federal government, "there are growing concerns that the government may be at a disadvantage in competing for talent, especially among young people, because of its slow and cumbersome hiring practices."

In-Store Health Clinic Growth May Be Tapering Off

The *Wall Street Journal* this morning reports that CVS Caremark, which operates more than 500 in-store health clinics around the country, has decided to scale back expansion of the concept – opening just 100 new clinics this year, half of what was originally planned.

The shift in strategy comes because of simple economic reality. Early in the process of developing the concept, expectations were that units could become profitable within six months, but experience has shown that it can take as long as two years. And these fiscal realities have caused the shut down of 69 in-store clinics in 15 states over the past months, affecting retailers that include Wal-Mart, Meijer and Bi-Lo.

CVS says that instead of opening so many new clinics, it now will focus on "enriching the services" provided by existing units. And the company CFO, David Rickard, says that the company believes its MinuteClinics will be a "terrific, successful little business."

Not every company is backing off, however. The *Times* notes that Walgreen plans to continue a rapid expansion policy for its clinic concept, and that Wal-Mart "plans to partner with hospital systems to open as many as 400 co-branded store clinics by the end of 2010, up from about 50 sites in operation now. That approach is a departure from an earlier strategy under which Wal-Mart leased space to operators like CheckUps that weren't associated with hospital systems."

Wal-Mart Expands Rx Discount Program

Wal-Mart announced yesterday that it has expanded the discount prescription price program that has had an enormous impact on the price of prescribed medicines in the US, saying that it will now offer as many as 350 90-day supplies of generic prescription medications for \$10, and will sell more than 1,000 OTC products for \$4 or less.

The program affects Wal-Mart stores, as well as Neighborhood Market and Sam's Club units.

The *Wall Street Journal* notes that the move takes aim "at the burgeoning mail-order pharmacy business by undercutting their prices on some drugs and speeding delivery."

Within hours, Target announced that it will match the new Wal-Mart program.

Winn-Dixie Proceeds With Broad Remodeling Program

The *Lakeland Ledger* reports on how Winn-Dixie has transformed 47 of a total 520 stores since a broad remodeling program began about a year ago, with another 50 or so will be finished by the end of June.

The emphasis is on a "brightly-lit produce section and its new exotic offerings, the beefed-up selection of organics and wine, the vibrant color scheme ... new Hispanic and natural food sections, expanded produce and floral departments, an additional entrance and remodeled bathrooms."

The question seems to be whether this is all too little, too late, and if the company will be able to get past its reputation for "messy, poorly managed stores."

FastNewsBeat

- In West Virginia, the *Wheeling News-Register* reports that a dozen Kroger stores remain open despite the fact that unionized employees have voted down a contract offer from the retailer. The employees have authorized a strike, but negotiations continue and no strike date has been set.
- Winn-Dixie announced that it will begin featuring a weekly special promotion keyed to helping consumers "stretch their grocery dollars" as they begin receiving the government-issued economic stimulus checks.
- There are published reports that Unilever is looking to sell its \$465 million Bertolli Italian olive oil and balsamic vinegar refining business – though with a twist. The company wants to sell the commodity side of the business but then license back the brand because it is a high-margin segment in which it has been successful.
- The *Denver Business Journal* reports that Albertsons LLC is selling 72 convenience stores and gas stations - located in Colorado, Texas, Arizona and Louisiana - to the Valero Energy Corp. Terms of the deal were not disclosed.
- The *Wall Street Journal* this morning reports that "rapid increases in high fructose corn syrup prices will encourage a return to sugar usage in U.S. soft drinks and foods -- a move that is already gathering steam among consumers -- sugar industry members predict."

The MNB Wal-Mart Watch

- Wal-Mart-owned Sam's Club announced that between May 18 and May 23, it will give away free annual memberships or \$40 gift cards to existing club members. This is in addition to the already-announced decision to cash economic stimulus checks for free.

The promotion is tied to the purchase of certain merchandise.

- *Bloomberg* reports that Wal-Mart plans to open 27 stores in Canada by the end of the year, most of them supercenters. The openings represent an investment of hundreds of millions of dollars, according to Wal-Mart, that will result in the creation of 6,000 jobs in Canada.

The openings will give Wal-Mart more than 320 stores north of the border.

- Wal-Mart announced that it is launching a new website designed to help customers "hungry for ideas to stretch their dollars during tough times." It will feature financial author Ellie Kay, who will be "speaking about practical ways in which women, families and children can better understand how to save and spend their money. Her advice will serve as a resource for budget-conscious shoppers looking for tips and tools as they face a summer of rising costs for gas, food and other necessities."

The Balance Sheet

- Delhaize Group said that its first quarter profits in its US operations were \$241.2 million on revenues of \$4.6 billion, compared to U.S. operating profit of \$240.6 million on revenues of \$4.38 billion for the same quarter last year.

Total Q1 sales for the global company were the equivalent of \$6.9 billion (US), down from \$7.2 billion (US) a year earlier; first quarter operating profit was the equivalent of \$316.9 million (US), down from \$353.7 million (US).

- Wal-Mart announced that its April sales were \$29.18 billion, up from \$26.57 billion during the same month a year ago, on same-store sales that were up 3.2 percent.
- Royal Ahold said yesterday that its total Q1 sales dropped 1.3 percent to the equivalent of \$11.6 billion, which it blamed on the slide of the US dollar. The company said that first quarter same-store sales at US units open at least a year rose 1.2 percent at Stop & Shop and fell 1.5 percent at the Giant- Landover division.
- Costco Wholesale Corp. said that its April 2008 sales were \$5.54 billion, up 12 percent from \$4.94 billion in the same month period last year. Same-store sales were up eight percent.

Year-to-date sales for Costco were \$46.88 billion, an increase of 12 percent from \$41.90 billion during the same period a year ago, on same-store sales that were up eight percent.

- PriceSmart, the membership club company operating 25 stores in central America and the Caribbean, announced that its April sales increased 28 percent to \$88.9 million from \$69.5 million during the same month a year ago. Same-store sales were up 22.1 percent.

Year-to-date, sales were up 25.3 percent to \$716.5 million from \$571.9 million a year ago, with same-store sales up 20.3 percent.

- Family Dollar Stores said that its April sales increased 7.2 percent to \$516.0 million, on same-store sales that were up 4.3 percent.

- Longs Drug Stores announced that its April sales were up 0.4 percent to \$366 million, on same-store sales that were down 1.5 percent.
- Dollar Tree announced that its first quarter sales rose 9 percent to \$1.05 billion, on same-store sales that were up 2.1 percent.

Executive Suite

- Steve Smith, Sweetbay Supermarkets' senior vice president of merchandising, has been promoted to the position of Senior Vice President of Marketing & Communications for Delhaize Belgium, Sweetbay's parent company.
- Ed Shivers, Publix Super Markets' vice president of risk management, is retiring from the company after 50 years of service. He started with the company in 1958 as a part time front-end clerk, and worked his way through the company; he also served at one point in his career as chairman of the Food Marketing Institute's committee of risk management.

Shivers will be succeeded by Marc Salm, the company's director and counsel of risk management.