



-Week Ending 6/13/08-

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Thanks to MNB
for this selection of
articles.

Back To The Future For Pathmark

The Newark *Star Ledger* reports that under its new A&P ownership, Pathmark is returning to its low-price roots. Newly remodeled stores in Irvington and Edison, NJ, illustrate the concept, described by the paper as reminiscent of the chain's approach three decades ago – “lower prices on many items with weekly sales that include significant price cuts on certain products.”

Burt Flickinger III tells the paper that “it's the perfect format at the perfect time ... particularly for Pathmark, which had been the price leader for its first 30 years and has lost price leadership in the past decade.”

And Eric Claus, CEO at A&P, says, “This will be the template for a massive Pathmark refresh to be rolled out between now and the end of 2009.”

Nash Finch Offers Fresh Take On Food Shopping

In Minnesota, the *Star Tribune* reports on the opening of a new Family Fresh Market in Hudson, Wisconsin, by owner Nash Finch.

According to the story, “After two years of planning, the first-of-its-kind Family Fresh Market opened its doors Friday with a new name and a new aim: to help shoppers make healthier and more nutritionally balanced choices.” The new store, the paper reports, has “a meat and organic-produce section that is nearly twice as big as those at most supermarkets, and rivals the quality and selection of upscale grocers such as Byerly's or Kowalski's.

“The middle of the store offers values that are on par with Wal-Mart and SuperTarget and often beat out grocers such as Cub and Rainbow, according to Nash Finch officials. The strong push into organics and national foods is new for Nash Finch, which owns 59 supermarkets in nine mostly Midwestern states under the Econofoods, Sun Mart and Family Thrift Center names.”





Food Lion Gets Local

Food Lion announced yesterday two initiatives designed to support local suppliers in the markets where it operates.

The company said that it is supporting the Certified South Carolina program, a cooperative effort among producers, processors, wholesalers, retailers and the South Carolina Department of Agriculture to brand and promote South Carolina products. A promotion will be running in Food Lion, Bloom and Bottom Dollar Food stores from June 11-24, and the goal is to build consumer awareness and help customers to easily identify, find and buy South Carolina products. South Carolina grows many different types of fruits and vegetables, in addition to its animal, forestry, greenery and specialty products.

Food Lion also said that it is running a "Got To Be NC Products" promotional campaign during the same time period, which also is designed to bolster loyalty to the state's suppliers. During the promotion, sales fliers will feature North Carolina products and some stores will have local vendor in-store samplings and wine tastings, and be visited by the 2008 North Carolina Watermelon Queen, 19-year-old Brittany Mae White.

Bloom Supermarkets Rolls Out Guiding Stars Program

Delhaize-owned Bloom Supermarkets, part of the Food Lion chain, has announced its official launch of the Guiding Stars nutrition labeling system that awards one, two or three stars to products identified as being good, better or best in terms of a complicated and proprietary nutritional algorithm.

The Guiding Stars system proved to be a success at Delhaize's Hannaford Bros. chain, where sales of products given stars showed stronger growth than similar products that did not earn stars.

Lidl Targets US For Future Expansion

Published reports say that Lidl, the German discount retailer that is second only to Aldi in that nation, plans to expand to the United States.

The goal, according to reports, is to have a US foothold by 2012.

You Say Tomato...Let's Call The Whole Thing Off

Here's a brief update on relevant stories relating to the salmonella outbreak that seems to be related to the consumption of raw tomatoes...

- The *New York Times* this morning reports that federal health officials seem confident that they shortly will be able to say how the salmonella outbreak originated, noting that they are "getting closer to identifying the source or sources."

As the *Times* writes, "The agency warned consumers over the weekend to avoid certain raw red plum, red Roma and red round tomatoes and products containing them. Cherry tomatoes, grape tomatoes and those sold with the vine still attached are not associated with the outbreak, officials said." At least 167 people in 17 states appear to have been affected by salmonella poisoning, though nobody has died.

- The *Chicago Sun-Times* reports that "supermarkets and fast food chains that threw out tomatoes suspected in





a salmonella outbreak were acting aggressively to protect their customers' health and avoid a consumer backlash," and that it seems possible – even likely – that even once the source of the contamination is determined, consumers may “stay away from one of the joys of summer.”

- The *Washington Post* reports that “federal food safety officials yesterday cleared Florida's latest tomato crop as safe to eat, a move that is likely to speed the return of tomatoes to many restaurants.”

In addition, the *Post* says that the Food and Drug Administration (FDA) decision is “expected to help grocery stores replenish their supplies of Roma, red plum and red round tomatoes, which remain the subject of a nationwide alert.”

- Meanwhile, *Bloomberg* reports, “the Bush administration increased its budget request for the U.S. Food and Drug Administration by \$275 million after the agency's commissioner told Congress that more funding was needed to protect against unsafe products.”

The White House originally asked for \$2.4 billion in funding, but was undercut when FDA Commissioner Andrew von Eschenbach admitted under questioning that this number was inadequate.

Publix Acquires 49 Albertsons Stores in Florida

Publix Super Markets announced yesterday that it will acquire 49 Florida stores from Albertsons LLC. Terms of the deal were not disclosed, but the transaction is scheduled to close by September.

The stores include with 15 locations in North Florida, 30 locations in Central Florida and four locations in South Florida, in communities that include Bradenton, Clearwater, Ft. Myers, Gainesville, Jupiter, Longwood, Naples, Orlando, Pensacola, Seminole, St. Petersburg, Tallahassee and Tampa. The acquisition will allow Publix to operate four stores in Escambia, located near Pensacola, a new market area for the company.

In a prepared statement, Publix CEO Ed Crenshaw said, “The demand for the high-quality service our associate owners provide gives us the opportunity to reinvest in these communities by acquiring these additional sites for Publix stores. We continue to focus on being the premier food retailer in the areas in which we operate.”

The company said that “grand opening dates for all locations will depend on the scope of the remodels.”

Publix also said in a statement that it “encourages impacted Albertson's employees with a passion for food and a commitment to customer service to apply for employment.”

The Albertsons LLC stores are part of the company that was not acquired by Supervalu when it bought out most of Albertsons in 2006. In its own press release about the sale of the Florida stores, Albertsons LLC noted that it “is working to become the favorite food and drug retailer in every market it serves,” though the number of markets that it serves and stores that it operates are dwindling.



Sansolo Speaks: Re-Training The Shopper

by Michael Sansolo

Who says there's no time to make a good second impression? Apparently, some of the most mundane items in the produce department are trying to do just that.

A recent article by *Prevention* editor Liz Vaccariello takes on some of the conventional wisdom about produce items that have been tagged with less than stellar reputations in recent years. As it turns out, baked potatoes, carrots, celery and even (gasp!) iceberg lettuce all have some terrific nutritional features. If you don't believe me, read it yourself:

<http://shine.yahoo.com/channel/health/healthy-veggies-with-a-bad-reputation-178080/>

Sometimes, things deserve a second look, but they won't get that good long look without help. So let's get helping.

Raul del Rio, a Spanish marketing expert delivered a concise message on this point at a conference in Madrid last week. In del Rio's words, the supermarket industry has carefully trained the shopper to value certain behaviors and in many cases, this training has led to nothing but problems.

His prime target for criticism is the emphasis most stores place on convenience and how we make the speed that customers leave the store seem like the greatest benefit they can reap. The problem is that by emphasizing how fast they can leave, we have neglected to build up all they could enjoy by staying.

Most of the great shopper experiences, food or non-food, happen when shoppers linger, when they browse and when they enjoy the atmosphere. Watch shoppers at an Apple computer store or Nordstrom or even at Starbucks. Half the experience comes from being there.

Of course, not every trip is about lingering. In fact, many supermarket trips in particular are about speed and about dispatching the shopper back into the parking lot as quickly and painlessly as possible. The simple truth is the shopper has a complex life filled with complex and competing needs. The same person who wants to linger over one kind of product can't wait to get moving when it comes to others. We have to understand and fill that need as best as possible.

But it also raises lots of questions for us. Have shoppers come to regard food shopping (as opposed to many other forms of shopping) as a boring chore because it is, or because that is the self-fulfilling prophecy we've delivered? Have we sacrificed experience and enjoyment in the name of efficiency? Or have we simply filled the main need shoppers voiced without any sense of making them view food shopping in a different way.

And the bigger question is this: in a time of economic uncertainty combined with concern about health and wellness, is the food store missing an opportunity to bring the shopper back inside to make the trip something special once again? Is it time to show off new products and recipes while providing a sense of how quick and easy cooking can be, plus additional information on how to fix the most nutritious of meals?

In short, can we make food fun again?

The chance for a second impression doesn't come around often. However, as shoppers look for budget saving measures to cope with rising prices and everything, maybe the moment has arrived and maybe retailers other than Wegmans and Whole Foods are ready to jump.





Maybe we can even use that moment to explain why iceberg lettuce and the like can be part of a good diet. There's no harm in trying.

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Wegmans Opens New Virginia Store

The *Washington Post* reports that a new Wegmans opened in Woodbridge, Virginia, over the weekend, noting that the retailer is doing so with tremendous community support that it hopes will sustain it in a time of economic doldrums.

According to the *Post*, "The Woodbridge Wegmans, located off Dale Boulevard near Interstate 95, is the third and largest store to open in Northern Virginia. Beginning last week, hundreds of Wegmans staff began descending on the store. Some will stay for days and some for weeks, overseeing training and final touches for the opening.

"The opening is not without risk. The grocer is moving forward at a time when others have retrenched. Two Giants in Woodbridge have closed in the past year due to slow sales."

FastNewsBeat

- *Forbes* reports that Winn-Dixie does not expect the impending acquisition by Publix of 49 Albertsons LLC stores in Florida to have any discernible impact on its performance since only 10 of them are within two miles of a Winn-Dixie.
- The *Wall Street Journal* reports that Anheuser-Busch has begun talking to Mexican brewing company Grupo Modelo about a possible merger, which, if completed, would have the effect of short-circuiting the \$46 billion unsolicited bid for Anheuser made by Belgium-based InBev.

Anheuser already has a 50 percent stake in Grupo Modelo.

- Kroger announced that it has come to a tentative contract agreement in negotiations with the United Food and Commercial Workers (UFCW) union representing 4,200 employees working in 60 stores in and around Indianapolis and other areas in Indiana.

Details of the agreement were not disclosed, pending ratification of the deal by the unionized employees.

- The *Wall Street Journal* reports this morning that Starbucks plans to grow its business by licensing "150 new locations at airports and railway stations in the United Kingdom, France and Germany over the next three years, part of a broader strategy to speed the coffee chain's growth overseas. The deal -- Starbucks' largest licensing agreement outside the U.S. -- is aimed in part at helping to offset the chain's sluggish U.S. business. The new stores also could become a bellwether for how much Europeans will embrace grab-and-go coffee."



The MNB Wal-Mart Watch

- *Reuters* reports that Wal-Mart is positioning its new Marketside format – a small store concept that will debut in the Phoenix area later this year – as a quick option for fresh groceries.

Wal-Mart envisions that in the long term shoppers might use its supercenters for a monthly big shopping trip, its Neighborhood Markets for a weekly fresh-oriented shop, and then use the Marketside stores for more frequent and convenient fill-ins. The 15,000 square foot Marketside units are expected to have mainstream groceries, albeit a more edited selection than would be found in traditional supermarkets.

The Balance Sheet

- Penn Traffic Co. reported first quarter losses of \$12.4 million, a 67 percent increase over the \$7.4 million loss reported during the same period a year ago. Q1 sales were \$287.1 million, down from \$298 million last year; same-store sales were off 1.4 percent.

Executive Suite

- Family Dollar announced that it has promoted Jacob J. Modla, the company's Assistant General Counsel – Litigation, to the position of Vice President – Deputy General Counsel.