



*-Week Ending 6/27/08-*

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Thanks to MNB  
for this selection of  
articles.

## **Wal-Mart Debuts Marketside Website**

Wal-Mart has unveiled the new website for its new Marketside format, confirming that it will be opening stores in four Arizona communities – Gilbert, Mesa, Chandler and Tempe – this fall.

The site is: <http://www.Marketside.com>

The copy on the site also identifies the niche that Wal-Mart is seeking to fill with the small store format, which is seen as the retailer's rejoinder to Tesco's Fresh & Easy stores in California, Arizona and Nevada. The site describes Marketside thus:

- "Marketside provides fresh, innovative answers to the daily question, 'What's for dinner tonight?' Our unique product and shopping experience will change the way you shop for — and think about — fresh food, and our prices will keep you coming back."
- "At Marketside, you'll find a wide selection of complete meal solutions, fresh ingredients, and everyday favorites at affordable prices — all in one easy-to-shop store. With us, you'll never have to compromise quality to get a lower cost. And we're right in your neighborhood!"
- "Our associates are passionate about food — and about delivering top-notch customer service. They're prepared to answer your questions, help you select a delicious meal solution, and fill you in about foods that are grown or produced locally."
- "Marketside is designed for the quick grocery trip — when you're looking for an inspiring yet easy meal solution, or need to pick up last-minute ingredients, simply swing by your neighborhood Marketside on your way home!"
- "Marketside is a small community grocery store owned by Wal-Mart Stores, Inc..."





## Fresh & Easy Restarts Hiring Process For Western Stores

Tesco's US operation, Fresh & Easy Neighborhood Markets, said yesterday that it will hire 750 new employees over the next three months as it ends the self-imposed three-month "time out" from opening new stores in Southern California, Arizona and Nevada.

Fresh & Easy will open its newest and 62nd store in Manhattan Beach, California, on July 2.

According to a press release issued by the company, "Fresh & Easy has witnessed an overwhelming response to its pay and benefits package – for every store position hired, the company has received more than 13 applications. Fresh & Easy now employs more than 2,100 people at its stores, distribution center and at company headquarters. Each store employs about 25." The release noted that Fresh & Easy employees "start at \$10 an hour in California, with similarly competitive salaries in other states, and include a quarterly bonus of up to 10 percent. The company provides the opportunity for all employees to work at least 20 hours per week, which entitles them to comprehensive and affordable healthcare, including medical, prescription drug, dental and vision coverage, with Fresh & Easy paying at least 75 percent. Fresh & Easy also offers employees a 401(k) retirement plan with company match."

Tim Mason, Fresh & Easy's CEO, issued the following prepared statement: "We're demonstrating our commitment to be a great place to work, and we're thrilled about our continued expansion in California, Arizona and Nevada, despite tougher economic times. We know our rewards and benefits package is competitive, and our timing is right – we're creating quality jobs for our employees, right in their neighborhoods, with great opportunity for advancement."

## Peapod & Concept Shopping Create New Alliance

Ahold-owned Peapod said yesterday that it has formed a new partnership with Concept Shopping that will use the latter's Automatic Marketing program to award personalized savings offers to Peapod customers based on shopping patterns.

According to the companies, Peapod shoppers will discover their extra savings as they prepare their orders. No coupons or extra effort will be required to earn these additional savings that automatically will be applied when the order is finalized.

## Walgreen Ups Promotion Of Discount Rx Club Card

The *Chicago Sun-Times* reports that Walgreen Co., concerned that the competition is only get tougher among retailers selling inexpensive generics, is "getting more aggressive about marketing its prescription savings club card" and is promoting heavily via the Internet.

According to the story, Walgreen charges an annual fee of \$20 for an individual card and \$35 for a family card. The card "offers a three-month supply of certain generic drugs for \$12.99 -- a benefit started in November 2007. The program expanded a couple of months ago to 400 generics from the initial 300. The discounted generics include blood pressure medicine Atenolol, diabetes medicine Metformin and cholesterol medicine Lovastatin. The card also offers varying savings on 5,000 medications, from Lipitor to Viagra."

Among the retailers also offering discounted generic prescription drugs, thus creating the heightened competition, are Wal-Mart and Safeway.





## Retailers Squeeze The Supply Chain In Search Of Savings

The *Wall Street Journal* reports that companies "facing consumer resistance to higher menu and supermarket prices ... are responding to increased prices for their commodities by trying to squeeze more costs from their supply chain -- the collection of relationships that moves goods to stores from factories and warehouses. That means grappling with excess inventory, inefficient truck routes, poorly planned production schedules and the computer systems managing the process."

One example cited by the *Journal* is Delhaize-owned Hannaford Bros., which "used to receive two shipments a day, a load of fresh groceries such as dairy products and meat first thing in the morning, and a load of nonperishable items like canned soup and boxed cereal at night. The split delivery made it easier for store managers to process fresh items before the store opened and let them restock the rest of the store after closing ... Hannaford used its transportation-management system and other planning software to analyze how much the split-delivery schedule cost the company and to see if there was a more cost-effective way to make deliveries. Earlier this year, Hannaford began combining the two deliveries for some of its 160 stores. It is less efficient for the store managers, but the added expense at the stores is offset by the savings on fuel, which the company says will be between \$500,000 and \$1.5 million chain wide this year.

"Hannaford has also made other changes with the aid of supply-chain technology, such as a system that helps drivers maximize fuel efficiency that it says should save the company \$500,000 this year."

The *Journal* makes the point that among the beneficiaries of the current environment are software companies coming up with a wide variety of tech-based solutions.

## Tesco, Asda Launch New Price War

The *Times* of London reports that Tesco and Wal-Mart-owned Asda Group are preparing to embark on yet another price war.

According to the story, "Tesco, the country's biggest retailer, will reduce the price of 3,000 items by up to 50 per cent from Monday in an attempt to win back customers struggling to cope with record petrol prices and energy bills.

"Asda has promised to sell ten staple items, including bread, eggs and butter, for only 50p from today as part of a campaign that it claims will win over thousands of shoppers from rivals."

It isn't just with each other that the two retailers are fighting. Aldi, the German retailer, reportedly has seen its sales increase by 20 percent over the past month alone – a reflection of the tough economic times that are pervading the UK.

## Direct-To-Consumer Rx Ads Hit Supermarket Aisles

The *Newark Star-Ledger* reports that drug manufacturers are starting to use supermarket and drug store aisles as a venue through which they can advertise their prescription drugs – which people cannot actually buy without authorization from their doctors.

This is, according to the paper, a shift in strategy, since "in the pharmaceutical marketing universe, non-conventional advertising, such as take-one ads in stores, has become a buzz word, but it is typically used to promote over-the-counter products rather than prescription medicines."





## Bi-Lo Sees Private Label Increases

The Charleston *Post and Courier* says that Bi-Lo has seen sales of its private label product lines increase by about five percent, described by Mike Mannion, Bi-Lo's director of sales planning and corporate brands, as "by far the greatest increase in store-brand sales I've ever seen."

The trend means that Bi-Lo is reconfiguring its aisles to allow for the display of more own-label products, which generally cost less than national brand alternatives and appear to be highly desirable in these tough economic times.

## Consumer Confidence Hits New Low

The Conference Board reports that its monthly consumer confidence index is down to 50.4 in June, from 58.1 in May, which makes it the fifth lowest level ever recorded by the organization.

According to press reports, the Conference Board expected the June index to be 56.5, which means that its economists were surprised by the depth of the consumer skepticism.

Lynn Franco, a spokesperson for the Conference Board, is quoted as saying that the new number means that "the economy remains stuck in low gear."

## *Sansolo Speaks: Getting a Leg Up...*

*by Michael Sansolo*

Without moving a muscle, Jim Holt walked right into the middle of a cultural divide.

Holt, a small businessman in Kansas, didn't know he had a rule in his company that would land him on Good Morning America, and The Wall Street Journal, but he did. The rule was this: women in his office were required to wear leg covering. In other words, they had to wear pantyhose.

Honestly, I didn't know this was such a hot issue until I asked some women. Apparently, pantyhose doesn't rank at the top of anyone's comfort list. They are way too hot in the summer, too cold in the winter and that's just the start of the complaints. Here's a note to other men out there: don't compare pantyhose to wearing a tie. A tie may be restricting, but it rarely starts sagging in unmentionable and uncomfortable places.

The cultural divide Holt encountered is that women younger than a certain age have almost entirely eschewed pantyhose, opting instead to go bare-legged. This trend has been spurred on by spray on toners and other such products that make legs look better than ever. Also by a push for comfort. In the process, pantyhose became an unnecessary problem.

When I asked women about this, the responses were equally interesting. One young woman (under 25) said she only wears pantyhose when she wants a complete professional look. Otherwise, it's just not happening. Another woman, who was raised in Europe, said the debate doesn't exist there. They are part of the professional attire. Others questioned how this became an issue at all.



Honestly, I have no idea how this became an issue worthy of The Wall Street Journal and ABC News (Google “pantyhose debate” and you’ll find the trail of coverage), but that’s how issues take off these days. The times keep changing and with them the standards of what is and isn’t part of the rules change too.

It’s happened to all of us. Whether it’s the changing rules of smoking, or how we should talk to other people in our offices or even the rights of different groups of workers, the changes are here to stay.

Those changing rules also mean the rites of passage aren’t quite the same any more. Today’s rising workers might be far less willing than their elders (including me) to have to pay their dues the same way they were paid in the past. Their reasons are pretty straightforward too. They don’t grow up today expecting lifetime employment, long pensions and completely free health care. They have seen how the workplace has changed and the impact it has had on family members.

It’s hard sometimes for us Baby Boomers to realize that we became the establishment. All those people over 30 who we weren’t supposed to trust many years ago are now sitting next to us in the doctors office complaining of the same symptoms we have.

As the times change all of us have to move with them. Jim Holt is an object lesson. He found out about his problem only after hiring a young human resources manager. Others can avoid this fate by making sure work rules are getting reviewed by diverse teams including people of different age groups, genders, races and ethnic backgrounds. (Holt may have enjoyed his 15 minutes of fame, but I’m better he would have rather focused on work.)

The great humorist Will Rogers once said that even if you are on the right track you can get run over if you are just sitting there.

In other words, start moving, start learning and get going. The train is coming and the odds are it isn’t wearing pantyhose.

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

### FastNewsBeat

- The Great Atlantic & Pacific Tea Company (A&P) said yesterday that it will convert the majority of its SuperFresh stores in the Philadelphia market to its new Price Impact format operating under the Pathmark Sav-A-Center banner.

According to the company, “This already popular format has received overwhelming success in its recently launched Irvington, New Jersey and Edison, New Jersey locations. The dramatically re-designed Pathmark format provides customers an expansive variety of fresh products while also offering substantially lower prices.

- Kroger reportedly has reached a tentative agreement on a new contract with the Nashville, Tenn.-based union that represents some 8,500 employees who work in 94 Kroger stores in Nashville and Knoxville and Huntsville, Ala. Details of the pact were not made available pending ratification of the deal.

- The *Los Angeles Times* reports that, as expected and noted earlier this week on *MNB*, Kroger-owned Ralphs “unveiled a lower-price policy Wednesday in what it said was a nod to beleaguered consumers struggling to pay rising food and gasoline prices. But the new plan also appears to be part of a wider business strategy to grab market share from rivals that has worked successfully for Ralphs’ corporate parent in other regions.





"The chain, which operates 262 supermarkets in Southern California, said it would lower the prices of thousands of goods that its customers buy most often. Additionally, it will retool its loyalty card program so that shoppers gain points based on purchases and collect cash rebates. The grocer has also changed its double coupon program, capping the savings a shopper can garner."

- Food Lion has launched a "Gas Guzzler Giveaway" promotion, saying it wants "to help ease customers' financial pain at the pump and encourage them to sign up for its electronic newsletter to find out about weekly specials. Each week during the 10-week promotion, 10 subscribers to Food Lion's Shoppers' Companion weekly e-mail newsletter will be selected at random to be given \$50 Visa gift cards, which they can use to purchase gas."

### **The Balance Sheet**

- Rite Aid reported a first quarter loss of \$162.8 million, compared to a profit of \$19.5 million a year earlier. Q1 revenue was \$6.61 billion from \$4.43 billion a year earlier, before it acquired the Brooks and Eckerd stores.

### **Executive Suite**

- Halfords Group, the British automotive and leisure retailer, has hired David Wild, currently senior vice president for new business development for Wal-Mart's US operations, to be its new CEO. Wild used to be president/managing director of Wal-Mart Germany, and also spent 18 years at Tesco.