



-Week Ending 7/4/08-

Below is the list of articles you will find for the week ending 7/4/08 edition of Retail Industry News.

- ▶ **Coupons Regains Momentum As Economy Fades**
- ▶ **Tesco To Open New Fresh & Easy Today After Three-Month Respite**
- ▶ **Starbucks To Close 600 US Stores In Major Retrenchment**
- ▶ **Sansolo Speaks: Waiting To Exhale**
- ▶ **Schnuck Markets Expands Generic Rx Program**
- ▶ **Wal-Mart To Put On A New Happy Face**
- ▶ **CVS, Microsoft Collaborate On Patient-Friendly Software Application**
- ▶ **FastNewsBeat**
- ▶ **The Balance Sheet**
- ▶ **Executive Suite**



Thanks to MNB
for this selection of
articles.

Coupons Regains Momentum As Economy Fades

The *Chicago Tribune* reports this morning that "the expanding availability of printable coupons online, of paperless digital coupons that can be accessed from cellphones and store loyalty cards, and an explosion of Web sites and bloggers focused on sharing coupon information are also feeding a comeback of what had been a fading Sunday tradition in American households. But it's mainly the economy that has people of more diverse ages and income clipping and clicking. "

The story notes that last year was the first time in 16 years that coupon usage did not decline in the US, and that expectations are that the use of coupons in American supermarkets is likely to spike this year based on current redemption trends.

The challenge to both manufacturers and retailers, according to the *Tribune* story, is to figure out which delivery methods are most relevant to the new breed of coupon-sensitive shoppers...and to use these systems in a way that gets the biggest bang for the buck.

Tesco To Open New Fresh & Easy Today After Three-Month Respite

The *Los Angeles Times* reports this morning that Tesco will open its newest Fresh & Easy Neighborhood Market today in Manhattan Beach, California, the 62nd store that the company has opened in the United States since late last year but the first to be unveiled since the company took a self-imposed three-month time-out to "tweak" the concept.

The *Times* notes that "Fresh & Easy plans a rash of openings, starting with the store on Rosecrans Avenue. It will be the chain's 32nd store in the region; 70 more are planned for Southern California this year."

Tweaks aside, the new Manhattan Beach store may also pose the biggest challenge for Fresh & Easy, since it is located just across the parking lot from the format with which it has been most – and often unfavorably – compared: Trader Joe's.

"The rival stores are on the same street corner, separated only by an Office Depot, and that allows customers to check out both, make direct comparisons and -- with a little chutzpah -- even use the same shopping cart," the *Times* writes.





Starbucks To Close 600 US Stores In Major Retrenchment

Starbucks, the onetime darling of the gourmet coffee business that has fallen on tough times because of over-expansion and what the *New York Times* aptly referred to as “a cavalcade of economic troubles” that have pinched consumer spending and reduced the appeal of \$4 lattes, announced yesterday that it plans to close 600 US stores and eliminate as many as 12,000 jobs within the company. The move is a dramatic increase over the 100 stores that Starbucks previously had announced would be closed.

The soon-to-be-closed units represent about 8.5 percent of the company’s global fleet of 7,100 units and five percent of its US stores. It was not that long ago that the company had a stated goal of having a total of 40,000 stores, with half in the U.S. and the rest abroad.

Starbucks said that it would open fewer than 200 new stores in the US during the 2009 fiscal year, down from the 250 originally slated to be opened.

The *Seattle Times* notes that Starbucks actually will open 350 new stores in the US during the coming fiscal year, but that only 200 of them will be owned and operated by the company; the other 150 will be operated by outside firms in places like bookstores and airports.

The stores that will be closed between August 2008 and April 2009, according to the company, have been identified as being unprofitable. While specific units were not identified by the company in the announcement, they are said to be in virtually every major US market, and 70 percent of them have been opened since the beginning of fiscal 2006 – a clear sign that Starbucks believes that its onetime strategy of domination through ubiquity no longer is viable.

In its coverage, the *Wall Street Journal* noted that “the closings are bad news for commercial real-estate developers who have relied on the cachet of Starbucks to attract other tenants. Starbucks said the sites earmarked for closure include those that aren’t profitable at the moment or aren’t expected to provide the company with acceptable returns on its investment.”

CEO Howard Schultz said in a prepared statement that the company’s new focus will be on improving efficiency, the customer experience, and boosting shareholder value. Once the stores have been closed, he said, it is expected that the move will boost earnings by as much as \$100 million.

Starbucks shares are down about 40 percent over the past year. While Schultz retook the CEO’s office earlier this year with the intention of reviving the company’s fortunes in the stock market, that has not yet happened...and the new announcement clearly is an effort to demonstrate that the company is serious about its new path.

Sansolo Speaks: Waiting To Exhale

by Michael Sansolo

One year ago, the New York Mets were in first place. Granted they weren’t playing great, but they still had the look of a team headed to the playoffs. One year ago, they had no idea they were actually headed for an historic collapse, a weak opening to the following year, the firing of their manager and more.

Stuff, as we all know, happens.

No doubt, we’ve all noticed a considerable amount of change in the last year. We don’t like to think about how much the price of gasoline has increased or how much the stock market has declined. We don’t like to dwell on the on-going collapse of consumer confidence or the skyrocketing rate of housing foreclosures.

And doubtlessly, we don’t want to dwell on how much of this bad news (the Mets excepted) happened since January 1, 2008. Somehow it doesn’t seem possible that so much happened so fast even though we all want it to turn around equally quickly.





I've been reflecting on the one-year time period this week because it was one year ago that I started writing my weekly columns for MorningNewsBeat. And despite all the bad news of the past year, I haven't regretted for a single moment joining this e-community. Your feedback (praise at times, criticism at times) has been intelligent, well stated and usually provocative.

However, the best lesson of all came from a friend at the food management school of St. Joseph's University in the form of one line: "Don't breathe your own exhaust." It's a lesson that deserves sharing.

The comment came in response to a discussion about MorningNewsBeat and the glee with which I, weekly, and Kevin, incredibly, daily, pull this together. Kevin and I were feeling pretty good about our growing community, its passion and its connection. But our friend reminded us a lesson we should never forget.

Don't get satisfied and certainly, don't sprain your wrist patting yourself on the back.

It's a lesson I can't repeat to myself enough. My goal a year ago remains the same goal I have today: to share w each week some bit of knowledge, information or opinion that I hope can help. It has to be important, useful and challenging. More than anything, it has to be worth your time to read it.

And in truth, the celebration of my one-year anniversary doesn't rise to that standard except for this: In one year—in six months, actually—a lot of stuff changed. That means the level of performance required by all of us is higher today than ever.

It means that more than ever, retailers and suppliers have to deliver true value to the shopper. It means our industry has to navigate tough times to figure out ways to reduce costs, while continuing to supply shoppers nutritious, convenient, good tasting and varied choices. It means we need to find way to embrace the growing environmental challenges and concerns, while we cope with tough economic times. It means we have to find new ways to attract top quality workers, while keeping an eye on cost containment.

It means, in short, being willing to challenge all the old rules in order to find new, creative and winning solutions. And it means we have plenty of work to do.

Sure the industry could congratulate itself on all the good things that have been done and all the steps that have been taken. Then we'd face the same question we have at MorningNewsBeat: Are we breathing our own exhaust or could we do more?

It's not an easy question, but success never comes from coping with easy questions. It's the hard ones that matter most.

So, Happy Anniversary to me. Now let's move on to year two...

Except that people talking on their Bluetooth headsets in public spaces still rankles me. I'm not quitting until we get that one solved.

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Schnuck Markets Expands Generic Rx Program

The *St. Louis Business Journal* reports that Schnuck Markets has expanded its prescription generic drug program from one that offered a 21-day supply of any one of more than 50 oral antibiotics to one that now offers more than 300 for \$4 for a 30-day supply and \$10 for a 90-day supply.

The company said that the range of products includes medications to treat high blood pressure, arthritis, asthma, cholesterol, diabetes and allergies, according to the *Journal*, which notes that "Schnuck Markets' pharmacy offers do not require an additional purchase, coupon or insurance, but if a customer's insurance plan dictates a lower price than that in the grocer's new generic drug offer, the lower price will be given."

Wal-Mart To Put On A New Happy Face

The *Wall Street Journal* reported over the weekend that Wal-Mart plans to change the logo that it has used for two decades, converting all of its stores to what the paper describes as "white letters on a burnt-orange background followed by a white starburst." And, the *Journal* reports, "In a change, the name will appear as one word: Walmart. When the company first started in 1962, the name was hyphenated by a dash. But in the past decade, the dash has been replaced by a star on stores and the corporate letterhead."

Wal-Mart hasn't officially unveiled the new logo and isn't even commenting on the *Journal* report, but it apparently has been seen in documents filed for a new store in Memphis, Tennessee.

"The store signs on Wal-Mart's approximately 3,600 existing U.S. stores won't be taken down wholesale, but they will be changed over time, says a person close to the company," according to the story. "Wal-Mart's new starburst logo mimics the cleaner, brighter sign of competitor Target Corp., with its iconic red-and-white bull's-eye."

And, the paper writes, this is part of broader effort by Wal-Mart to contemporize both its operations and its image: "In the past decade, as Wal-Mart ramped up store growth and moved from rural areas into suburban and urban markets, it encountered increasing opposition from neighborhood groups and city planners who objected to what they contended was the uniformly ugly look and size of the stores, which averaged about 200,000 square feet.

"In recent years, Wal-Mart has tried to assuage neighborhood groups, making concessions on size and offering facades that better blend into the surrounding neighborhoods, from timber gables in Colorado to pastel stucco in Florida."

Food Hoarding Affects Global Food Supply Chain

The *New York Times* this morning reports that "at least 29 countries have sharply curbed food exports in recent months, to ensure that their own people have enough to eat, at affordable prices.

"When it comes to rice, India, Vietnam, China and 11 other countries have limited or banned exports. Fifteen countries, including Pakistan and Bolivia, have capped or halted wheat exports. More than a dozen have limited corn exports. Kazakhstan has restricted exports of sunflower seeds.

"The restrictions are making it harder for impoverished importing countries to afford the food they need. The export limits are forcing some of the most vulnerable people, those who rely on relief agencies, to go hungry."

And, the *Times* reports, "The new restrictions are just an acute symptom of a chronic condition. Since 1980, even as trade in services and in manufactured goods has tripled, adjusting for inflation, trade in food has barely increased. Instead, for decades, food has been a convoluted tangle of restrictive rules, in the form of tariffs, quotas and subsidies.

"Now, with Australia's farm sector crippled by drought and Argentina suffering a series of strikes and other disruptions, the world is increasingly dependent on a handful of countries like Thailand, Brazil, Canada and the United States that are still exporting large quantities of food."



CVS, Microsoft Collaborate On Patient-Friendly Software Application

CVS Caremark and Microsoft said Friday that they plan to collaborate to offer consumer health care solutions that will allow people to manage their health and wellness, and control their health information.

The application, called Microsoft HealthVault, permits consumers to download a comprehensive list of prescriptions filled at CVS/pharmacy or through CVS Caremark by mail as well as save copies of their health records, including laboratory tests, from visits to MinuteClinic, the retail-based health clinic subsidiary of CVS Caremark, into their individual HealthVault record. It will also be possible to upload personal health data, such as blood pressure or glucometer readings, from HealthVault into CVS Caremark applications for use by pharmacists or nurse practitioners in providing care.

These services are expected to be available to consumers beginning in the fall of 2008.

FastNewsBeat

- Supervalu-owned Jewel-Osco said this week that it has sold more than one million green reusable shopping bags since it introduced them last August, which it sees a proof positive that shopper concerns for the environment are increasing and becoming part of their ongoing behavior.
- Published reports say that Meijer, Stater Bros., Ukrop and United Supermarkets have all begun offering paperless coupons, using the EZ-PICTM that already is available at chains that include Bi-Lo, Big Y, Food City and Kings. EZ-PICTM is described as a "paperless coupon advertised on retail store shelves and redeemed electronically at check-out—eliminating the hassle of paper coupons."

The Balance Sheet

- Family Dollar Stores said that its Q3 net income rose 7.1 percent to \$64.67 million, from \$60.37 million during the same period a year earlier. Quarterly sales rose almost three percent to \$1.702 billion, on same-store sales that were up 0.1 percent.
- Walgreen said that its June sales rose 9.9 percent to \$4.81 billion compared to a year ago, on same-store sales that were up 3.4 percent for the month.

Executive Suite

- Price Chopper Supermarkets/Golub Corporation announced that Jody Plonski, a Zone Director with the company, has been promoted to the position of Regional Vice President of Operations, replacing Jay Ropietski. He will report directly to David Golub, Vice President of Store Operations.
- Hannaford Supermarkets announced that Beth Newlands Campbell has been promoted from senior vice president of retail operations and business strategy, has been promoted to executive vice president, with additional oversight responsibilities for real estate, design and construction.

At the same time, Hannaford has promoted Mark Doiron, senior vice president of merchandising and distribution, to executive vice president, with additional oversight responsibilities for information technology.

- Safeway announced yesterday that it has hired Diane M. Dietz - formerly of Procter & Gamble, where she is said to have rejuvenated the Crest brand - to be its new executive vice president and chief marketing officer.

Her broad experience running one of the most valuable brand portfolios in the world and her demonstrated ability to drive sales at retail are well-suited for her responsibilities at Safeway," Safeway CEO Steven A. Burd said in a prepared statement.

