



*-Week Ending 7/10/09-*

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Thanks to MNB  
for this selection of  
articles.

## Study Suggests Men Deal With Recession By Going Shopping

A curious survey has been put out by the Natural Marketing Institute (NMI), suggesting that "with more than \$1 trillion in spending power, men are ... more likely than women to buy brand name products, particularly at the grocery store. NMI found that about half of men are willing to purchase national brands over store brands as opposed to one-quarter of women. While shopping was once considered a woman's domain, men are increasingly playing a role or even becoming the primary shopper for their family. Less than a decade ago, men accounted for only twenty percent of primary grocery shoppers, but today one-third are doing the majority of their household grocery shopping."

As part of the release, NMI managing partner Steve French observed, "Boomer men are less affected by the recession than women. In fact, forty percent of men do not feel the amount of stress in their lives has increased due to the current economy while less than 30% of women feel that their stress level has not increased. Men are also more likely to spend versus saving and make impulse purchases. They represent tremendous targeting opportunities across a range of industries."

The study is part of NMI's newest white paper entitled, "Back in The High Life Again: Soaring Opportunities to Market to Baby Boomer Men."

## *Sansolo Speaks: "Wagging the Long Tail"*

*by Michael Sansolo*

While I admit to being something of an Internet junkie, I'm not completely convinced that web-based businesses are set to rule the world. That is until I get one of those great personal reminders of what an Internet business can be.

The latest reminder came courtesy of my steadily declining tennis game. In the process of getting run ragged on the court by my son, it became clear to me that I needed to improve quickly. The obvious solution of course was to blame my equipment. Ergo, I needed a new pair of tennis sneakers.





That shouldn't be a hard call, except for one problem. Through the years I have managed to sprain my ankles so many times that I don't feel comfortable playing tennis in anything other than what we used to call mid- or high-top sneakers. But as tennis has waned in popularity, these models have disappeared. Usually, I'm forced to buy basketball sneakers to make do.

Not any more.

A few months back I was hired to moderate a panel that included a representative from Zappos.com, the Internet shoe retailer. I had heard people rave about Zappos in the past, but I had no personal experience until I started doing my research. Immediately I was stunned. Certainly Zappos has shoes - tons of them to be exact. In fact, Zappos has way more than just shoes at this point. But Zappos offers something else: An experience.

I researched Zappos using my running shoes for guidance. (Please don't ask why I have so many different sneakers. I don't ask why you have so many pairs of black shoes!) Zappos showed me how to understand why my sneakers wore out and whether or not I pronate. It turns out I was actually buying the right running shoes, but didn't know it nor did I know why. Zappos educated me.

The experience contrasted sharply with how I find most sneaker purchases (and, to be frank, most purchases in general) take place these days. At many sporting good stores I visit - Dick's, Sports Authority and others - sales "help" is a misleading term. Mostly I pick out my own style, hunt in the stacks for the right size and make my own decision. If someone helps it is usually to dig through the piles of misplaced boxes.

Now, although I understand the challenges of cutting costs and finding engaged employees, the bottom line is the in-store experience stinks. At Zappos, I interacted with no employees, but the information listed with every pair of shoes helped me make the right choice. Paradoxically, Zappos managed to provide a superior customer service experience without any customer service.

That's a situation that should concern any brick and mortar retailer. Sports Authority, for example, couldn't and shouldn't hope to match Zappos on my peculiar choice of tennis sneakers. In the long-tail world of Internet marketing, where small demand can be easily met, Zappos can build advantage by stocking less popular models, additional sizes and even "vegan shoes." That's where a dot-com should excel. *(By the way, I have nothing against Sports Authority. In fact, put any retailers' name in these sentences and the point should work.)*

Building experience is where Sports Authority and other retailers should win. It's not a matter of overwhelming customer service, but of offering the right kind of service to enhance the experience and provide the shopper enough value to come to the store. Certainly Sports Authority should certainly be able to match Zappos by having information to explain the products I'm buying. Sports Authority might even be able to offer me a catalog of unusual items that they can't stock in stores. In short, take away the advantages held by the on-line retailer.

And then, Sports Authority - or any other brick-and-mortar retailer - should do something special that gives the added sense of value and makes me want to come back. In store excitement is essential, whether you are selling produce or sneakers. Without it, the dot-com wins.

Just like Zappos did. The competitive landscape has changed. Forever. For traditional retailers, the game plan must change too. *Michael Sansolo can be reached via email at [msansolo@morningnewsbeat.com](mailto:msansolo@morningnewsbeat.com).*



## Study: Frugality Is Cool

*AdWeek* reports on a new study by Starcom and Nickelodeon suggesting that "72 percent of those polled said they agreed with the statement, 'It's no longer important to keep up with the Joneses,' while 48 percent said that as a result of cutbacks in the family budget 'we have redefined what's truly meaningful in our lives.'

"Over 60 percent of those polled said they were buying more store brands than previously, while 73 percent said they had started using coupons more. Almost half (46 percent) said they would take a 'staycation' and spend time at home as opposed to traveling."

The study's conclusion: "Frugality is cool, or the new black."

## Self-Service Transactions Projected To Top \$775 Million In 2009

IHL Group is out with a new survey saying that self-service transactions will surpass \$775 billion in 2009, and are projected to grow to over \$1.6 trillion by 2013. The study included self-checkout systems, ticketing kiosks, check-in kiosks, food ordering, postal and other retail kiosks.

"Most consumers have adapted to self-service as a way of life," said Lee Holman, retail analyst at the IHL Group. "The current recession is actually increasing the acceptance of the technologies, as they are a hedge against increasing labor expenses during a tough economic climate. They allow companies to schedule their workforce for high-volume periods without sacrificing service during non-peak times."

## MNB Radio: "Loyalty, Branding, And How We Choose"

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Hi, I'm Kevin Coupe and this is MorningNewsBeat Radio, available on iTunes and brought to you this week by Webstop, experts in the art of retail website design. I'm reporting this morning from Lake Okoboji, Iowa, where Michael Sansolo and I are getting ready to give the first of two speeches to the Iowa Grocery Industry Association.

I'm not sure what's going on, but stories and studies about the relationship between branding and loyalty seem to be popping up everywhere...

Yesterday, we had a story about a new study by the Natural Marketing Institute (NMI) suggesting that men are more likely than women to buy brand name products, particularly at the grocery store, and that boomer men seem to be less affected by recession anxieties than women. As I said yesterday, the first part doesn't surprise me but the second part does...especially because there have been a ton of reports saying that a lot more men are losing their jobs than women in this economic downturn.





Now, I see a piece in the *New York Times* saying that the *Journal of Marketing* reports that there are some key differences between male and female brand loyalty. Women, it seems, are more loyal to individual service providers, while men tend to be more institutionally loyal. My personal experience is not entirely in synch with these findings. I certainly am institutionally loyal to companies like Apple; my brother, who seems to have an instinctive distrust of what he views of the cult of Apple, says I would buy an iTurd if the company put one on the market. (I'm not sure he's right about that, but I do know one thing – if Apple did make an iTurd, it would look better and smell better than any other turds on the market.)

But I also think that this isn't always the case. Call it laziness or call it being a creature of habit, but the same guy has been cutting my hair for 20 years, and if he were to change shops, I'm following him. (In fact, I've already decided that when he retires, I'm going to a crew cut, because I don't want to go through the process of breaking in a new barber.) I've also been going to the same doctor for more than two decades, and I'm following her wherever she goes. I don't think I feel the same way about my favorite bartenders, though it's never been tested – the ones who qualify have all worked in the same places for years.

I asked Michael Sansolo what his feeling was about this, and he agrees that it depends on the circumstance. He's followed barbers from shop to shop, but he said that the greatest case of institutional loyalty that he could think of had to do with Tom Seaver and the New York Mets – he was an enormous Seaver fan growing up and when the Mets traded the pitcher, he was apoplectic...but he remained primarily a Mets fan, not a Seaver fan.

I also saw another study the other day, this one conducted by Catalina Marketing, that said that brand loyalty is weakening in general – that “less than half of consumers that made 70 percent or more of their category purchases with a single brand in 2007 maintained a similar level of loyalty in 2008.”

This makes sense, especially because the onslaught of the recession and the emergence of private label products has increased the likelihood that consumers will switch from one brand to another – depending, of course, on factors such as price and the specific item. For some families, I'd guess, brand loyalty will be more important in the soft drink category than the laundry detergent category...and for other families, the priorities will be at polar opposites.

The common thread here, it seems to me, is that more than ever, shoppers are taking the notion of choice seriously, and they are making situational decisions in a wide variety of circumstances. It is there when they choose one store over another, or one product instead of another. They are establishing situational priorities when they choose organics in one category and traditional products in another. And they are invoking their primacy when they put institutions ahead of service providers or vice versa, and make choices about baseball teams, doctors, barbers and bartenders.

In every case, the operational phrase is, “it depends.” It depends on a wide variety of factors, many of which retailers and manufacturers – or institutions and service providers – cannot control.

But there are things that the consumer does not control, where we can assert ourselves. And that's how good we are at our jobs...how we define and implement our differential advantages.

You see, in a lot of ways that's what's missing from all these studies, valuable as they may be. They assume a level playing field...but a level playing field is the retailer's and manufacturer's worst nightmare, and the recession has made it even more so because it seems to have freed many consumers up from old habits and assumptions that drove their behavior. They've been liberated.



We can either be victims or victors in this liberation. Personally, I'd rather be the latter. I think we all need to take advantage of the moment and declare our own liberation from old mindsets, habits, processes and priorities. We, also, can make choices ... and the most important one we can make has to do with being so effective in our products and services, so clearly defined as offering specific shoppers specific differential advantage, that it provides a clear narrative for the way we do business and the way we are perceived.

Let me make a suggestion for how to achieve this.

While on vacation last week, I read a fascinating book entitled *Not Quite What I Was Planning.* The impetus for the book was the fact that many years ago, Ernest Hemingway was asked if he could write a short story with a clear narrative in just six words. And he did. The six words were these:

"Baby shoes for sale. Never used."

I'm still blown away by that use of language. It is heartbreaking in its clarity and simplicity. I write more than 3,000 words every day, and I don't even come close to that ... but of course, that's why he's Hemingway and I'm just the Content Guy.

Anyway, the book I read is a compilation of six word stories and autobiographies created by a wide range of people, both famous and obscure. It is a fascinating exercise, and I recommend you either buy the book or download it to your Kindle, like I did. And then think about yourself and your business, and the qualities that define you...and see if you can come up with six words that provide a simple, clear and differentiated narrative.

Then, all you have to do is live up to the promise and the premise.

For MorningNewsBeat Radio, I'm Kevin Coupe.

Oh, by the way...I have to admit here that I've spent a lot of time wracking my brain to come up with six words to define myself and my business. I still haven't worked out the personal one yet, but oddly enough I actually found the six words to describe my business staring me in the face – they've been at the top of this website since the first day we posted: "News In Context, Analysis with Attitude."

They ain't Hemingway, but they're not bad.



## FastNewsBeat

- The *Los Angeles Times* reports this morning that concerns about minors buying alcohol at self-serve checkouts has resulted in the California State Senate considering a bill that would require stores to have live checkout personnel process all alcohol sales. The bill already has been passed by the state Assembly, and has garnered significant community support.

According to the story, "If approved, the legislation would also would have an outsize effect on Fresh & Easy Neighborhood Market stores. That chain, which uses self-service checkout exclusively, would have to adjust its model or give up lucrative alcohol sales."

- The *Seattle Times* reports that the city of Bellevue, Washington, is considering "an ordinance that would fine stores that don't collect carts, make taking a cart more than 100 feet from store property a civil infraction, and require signs to educate people about the law." However, the story concedes that herding carts is roughly akin to herding cats ... but the legislation is seen as necessary to resolve a problem that is perceived as having gotten out of control.

"In Portland," the *Times* writes, "grocers came together and started a cart collection service that sweeps the metropolitan area six days a week, 10 hours a day, and picks up 3,000 carts a month, said Joe Gilliam, the Northwest Grocery Association's president. If nongrocers with shopping carts joined the service, he estimates the number would grow to 6,000 a month."

- Hawaii-based QSI Inc., the parent company of Times Supermarkets, which operates a dozen stores on Oahu, will acquire seven Star Markets - four on Oahu, two on Maui, and one on Kauai. Terms of the deal have not been disclosed.
- Arizona-based Sprouts Farmers Markets announced that it is opening three stores in California this month – two to open on July 10, in Brea and Riverside, and another to open in Orange at the end of the month.

The new stores bring Sprouts' fleet to 36 in Arizona, California, Texas and Colorado, with further expansion planned for later this year in Colorado (Boulder and Aurora) and Texas (Austin).

- Spartan Stores announced last week a new campaign called "Michigan's best," aimed at highlighting more than 2,400 products grown or produced in the state. The program reportedly will run in all of Spartan's banners - D&W Fresh Market, Family Fare, Felpausch, Glen's, Glen's Fresh Market and VG's.
- Pantry Inc. announced that it has acquired 38 c-stores from Herndon Oil Corp., most of them in Alabama but a few in Florida, Mississippi and Louisiana. Terms of the deal were not disclosed.

## The MNB Wal-Mart Watch

- *Dow Jones* reports that Walmart's Asda Group in the UK "will start e-mailing customers images and details of products from the store's buyers in the Far East, asking whether they want to see them in stores. The program is believed to be one of the first of its type in the world for a retailer ... The program is planned as a pilot that will begin this fall for non-food items and encompass all 363 Asda stores in the U.K."

There currently are no plans to expand the program to the US. At least, none that Walmart is talking about.



## The Balance Sheet

- BJ's Wholesale Club said that its June sales were down 4.8 percent to \$1 billion, from \$1.05 billion a year ago. Same-store sales were off 7.5 percent.
- Target Corp. reported that its June sales were down 2.6 percent to \$5.69 billion, on same-store sales that were down 6.2 percent.
- Family Dollar reports that its third quarter net profit was up 36 percent to \$87.7 million, from \$64.7 million during the same period a year ago. Q3 sales were up 8.2 percent to \$1.84 billion, on same-store sales that were up 6.2 percent.
- Costco Wholesale reports that June sales were down four percent to \$6.88 billion, compared to the same period a year ago. US same-store sales were down six percent, while international same-store sales were off three percent.

## Executive Suite

- HE Butt Grocery Co. announced its CFO, Martin Otto, will take on additional responsibilities as the company's chief merchant, effective January 1, 2010. He succeeds Steve Harper, who will transition to a part-time role after 16 years with the company.

According to CEO Charles Butt, "Martin is a powerful and well-rounded leader with the proven ability to meet our customers' ever-changing needs. His insight as chief merchant will ensure that we continue to be strongly positioned for success now and in the future."