

- Retail Industry News from IRI for Week Ending 7/13/07-

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Thanks to MNB
for this selection of
articles.

Carrefour Looks To Build Stores & Sales In China

Published reports say that Carrefour's head man in China, Eric Legros, believes that the France-based retailer that generate as much as \$3.9 billion (US) in sales this year, which would represent a 22 percent increase over last year.

The company already has 100 hypermarkets in China, and plans to open between 20 and 25 new units a year for the foreseeable future. While Legros reportedly said that the company is open to an acquisition, the company prefers organic growth that utilizes partnerships with – rather than acquisition of – local businesses.

Publix Tests Curbside Carry Out Service

The *Lakeland ledger* reports that Publix Super Markets is testing a curbside carry out service for deli items at one of its Fort Myers, Florida, stores, allowing customers to phone in orders, park in designated spaces, and pay an employee who brings the order to them.

According to the story, Publix allocated several parking spaces near the entrance to the store for the experiment, and is using a video camera to monitor them. Just a week old, there are no plans at this time to expand the test.

The *Ledger* notes that this is just one in a series of innovations being taken by Publix as it looks to connect with shoppers in new ways. For example, after a series of building delays, "on Monday the company finally debuted its in-store Carrabba's Italian Market at a location in Sarasota. The 1,000-square-foot eatery features a wood-burning pizza oven and grill and offers a selection of items from the popular Italian chain. The 'mini-restaurant' does not offer table service, but ... limited seating is available for customers to wait or eat." The venture is said to be the "first of its kind for Publix and Carrabba's, which is part of Tampa-based Outback Steakhouse."

Dorothy Lane Puts Its Finger On New Payment System

Independent grocer Dorothy Lane Market has decided to install a biometric payment system in each of its three stores.

According to the *Cincinnati Business Courier*, "Customers entering the store can either use the finger scan or swipe a card to receive a printout of personalized product discounts. And at check-out, customers can pay via the finger scan, and debit the amount from a checking account." In addition, shoppers will be able to enroll in the Pay By Touch-run program "or upgrade from Club DLM, the store's loyalty program."

Wal-Mart "Site To Store" Online Program Has Strong Initial Showing

Published reports say that Wal-Mart has completed rolling out its "Site to Store" service, which allows consumers to order products online and then get free shipping – as long as they picked the items up at a local Wal-Mart bricks-and-mortar location.

The service now is available at more than 3,300 US stores, and the retailer said that about a third of all orders placed at Walmart.com have used it during the past four months since the service was announced. In addition – and this is worth paying attention to – the company said that 50 percent of all the orders placed using the "Site To Store" program were first-time orders on Walmart.com.

"We don't want to compete with the stores," Walmart.com CEO Raul Vazquez tells *Reuters*. "We want to complement the stores."

Numbers Game: 7-Eleven Passes McDonald's

There are now more 7-Eleven stores in the world than McDonald's.

According to new numbers, there are 32,711 7-Eleven stores on the planet, while there are just 31,062 McDonald's. Subway is in third place, with 27,836 stores.

FastNewsBeat

- Wegmans reportedly plans to open two new 150,000 square foot stores in 2009 – one in Fredericksburg, Virginia, and the other in Collegeville, Pennsylvania. Both openings are contingent on final site plan approvals, according to published reports.
- Shaw's Supermarkets announced that it will close two Rhode Island stores, one in Providence and one in Pawtucket, on September 1, saying that the units were underperforming.
- Published reports say that the Great Atlantic and Pacific Tea Co. (A&P) has closed 21 Farmer Jack locations in Michigan after it was unable to find buyers for the sites. Kroger bought 20 stores, and independents reportedly are buying 25 units.
- The *New York Times* reports this morning that Groupe Danone is acquiring Royal Numico, a baby food manufacturer based in The Netherlands, for the equivalent of \$16.8 billion.

According to the *Times*, "Franck Riboud, Danone's chairman and chief executive, said that 'the price Groupe Danone is offering today is a reflection of the outstanding quality and positioning of Numico as

one of the world's leaders in healthy nutrition.'

"Food companies are expanding in the specialty nutrition market, where sales are growing faster than in the rest of the food industry. Danone makes the dairy drink Actimel, which is promoted as an immunity enhancer, and already owns the baby food brand Bledina, which is part of its dairy unit."

- Unified Western Grocers, the cooperative wholesaler, reportedly will change its name to Unified Grocers. The change takes place as the company acquires Associated Grocers of Seattle.
- Stop the presses: *USA Today* reports this morning that "China has banned companies from using DEG (diethylene glycol) — a thickening agent used in antifreeze and as a solvent — in the production of toothpaste in its latest move to raise confidence in the country's food and drug safety procedures."

Toothpaste imported from China and containing DEG has been pulled from shelves and banned in North America, South America and Asia.

The MNB Wal-Mart Watch

- The San Diego City Council was unable yesterday to override the mayor's veto of a law that would ban big box stores from being built within the city limits – which was seen by local observers as a major victory for Wal-Mart, which argued that the measure was anti-competitive.
- The *Wall Street Journal* this morning reports that Wal-Mart has gotten tougher in its dealings with young shoplifters, "lowering the age at which it will prosecute and authorizing store managers to call the police if a parent doesn't appear within an hour to retrieve a child."

"The policies, which went into effect Monday, now include prosecuting first-time shoplifters as young as 16 years old, compared with the previous limit of 18. The company also will prosecute younger shoplifters whose parents don't quickly respond to a store's call, and children repeatedly caught stealing."

The company cited rising shrink rates as the reason for the change in policy. It was just a year ago that the company said it was going to become more lenient toward such kids, preferring to focus on organized shoplifting rings. Company spokesman John Simley tells the *Journal* that store managers have discretion to be tougher or more lenient on a case-by-case basis.

- Wal-Mart has once again moved into the top spot on the Fortune Global 500 list, reclaiming a position that it lost to ExxonMobil last year. ExxonMobil fell to the second position after Wal-Mart generated an 11 percent increase in revenue.

Wal-Mart is the only retailer in the top 10, which is dominated by oil companies (Royal Dutch Shell, Chevron, ConocoPhillips) and car companies (General Motors, Toyota, DaimlerChrysler).

- The *Wall Street Journal* this morning reports that Wal-Mart, a little chastened after its venture into high fashion and upscale consumer marketing fell flat with shoppers, nevertheless "will expand its design team into a big studio in midtown Manhattan. The retailer said the 47,000-square-foot space will replace two nearby studios that together are only a fraction of that size." Wal-Mart reportedly has taken out a 12-year lease on the space.

- *Forbes* offers this analysis of the current situation in which Wal-Mart find itself:

“With the company's core rural consumers saturated with stores, union-pandering urban politicians making it tough to impossible to open big city locations, and overseas missteps in key markets like Germany and South Korea, there's reason to believe Wal-Mart's growth phase is near its end.

“But don't bet on it. Retail experts say the company is already on the right track to resuscitating growth. The secret: simple retailing, few drastic moves. Refurbish stores, don't give up on all high-end merchandise and stick to down market growth overseas. That's how Wal-Mart can break out of the sales doldrums and squeeze more profits out of stores.”

According to the story, a 50-state facelift of 1,800 stores in the US should be completed by October, offering “brighter lighting, improved displays and wider aisles.” The data to this point suggests that customers going into completed stores are staying 10 to 15 minutes longer and spending between 0.5 and 1.5 percent more.

The Balance Sheet

- Wal-Mart de Mexico, commonly known as Walmex, said that its second quarter sales were the equivalent of \$4.73 billion (US), up nine percent from the same period a year earlier, on same-store sales that were up 0.9 percent. Net profit for the period was up seven percent, to the equivalent of \$275 million (US).
- Costco Wholesale said that its June sales were up 10 percent to \$6.35 billion compared to a year ago, on same-store sales that were up six percent.
- France-based Carrefour reported that its second quarter sales were up 5.9 percent to the equivalent of \$29.9 billion, but said that the growth was mostly in non-French stores; the company's sales in France were up just 0.3 percent.
- Wal-Mart reports that its June sales rose 9.4 percent to \$35.81 billion, with same-store sales up 2.4 percent. Sales at Sam's Club rose 9.6 percent to \$4.42 billion, and international sales climbed 15.9 percent during the month to \$8.45 billion.
- BJ's Wholesale Club reports that its June sales rose 9.8 percent to \$886.8 million, on same-store sales that were up 5.3 percent.
- Target Stores said that its June sales rose 7.6% to \$5.48 billion, with same-store sales up 3.3 percent.

Executive Suite

- At Sobey's in Canada, François Vimard, the company's executive vice president of supply chain & technology, has been named CFO, succeeding Bruce Terry, who has resigned.
- Sam's Club, a division of Wal-Mart, has named Liz Kirkwood to be its new senior vice president of finance, succeeding Sam Dunn, who now is Wal-Mart's chief administrative officer in Japan.
- *Bloomberg* reports that William Morrison Supermarkets has hired Ian Gibson, chairman of the Trinity Mirror newspaper chain and a former chairman of Asda, to be its new non-executive deputy chairman. Gibson reportedly will move into the non-executive chairman's role in March 2008, when Ken Morrison retires from the job.

- Walgreen Co. has named Donald C. Huonker, the company's head of pharmacy services and a corporate vice president, to be its new senior vice president of Pharmacy Services, and Debra B. Garza, its director of Government and Community Relations its to be divisional vice president of Government and Community Relations.