



*-Week Ending 7/24/09-*

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Thanks to MNB  
for this selection of  
articles.

## Meijer Gets A Breath Of Fresh Air

The *Grand Haven Tribune* reports that “the Meijer store in Grand Haven Township has taken a first step in renewable energy” by erecting “six wind energy turbines atop its roof that will capture wind power and turn it into energy.”

According to the paper, this unit is the first Meijer store to use the technology, which already had been installed at Meijer headquarters. Another store, in Norton Shores, also is slated to get a set of wind turbines.

Company spokesman Frank Gugliemi tells the paper that Meijer will be evaluating the performance of the three wind turbine installations with an eye toward expanding the technology into new stores if it makes sense.

## Aldi Minimizes Choice, Maximizes Focus

In the UK, the *Times* of London reports on how discounter Aldi is challenging the big four food retailers – Tesco, Walmart’s Asda Group, Sainsbury and William Morrison Supermarkets – with an approach that minimizes the importance of choice.

Paul Foley, Aldi’s managing director in the UK, says that by offering one SKU instead of dozens in any given category, Aldi is able to save people time and money...and make more money because those products are private brands.

“It’s price that grabs you, but it’s quality that makes you come back,” Foley tells the paper, arguing that the recession actually has been a good thing for Aldi since it has broken down some people’s resistance to shopping there.

And, the *Times* writes: “Tesco, at least, appears to be genuinely concerned. Last year it introduced a new own-label range to lay claim to being ‘Britain’s biggest discounter’. Asda is culling the number of product lines it stocks to cut costs, while Sainsbury’s has launched a ‘switch and save’ campaign to encourage shoppers to buy own-label goods.”

They’d better take Aldi seriously. Foley projects that the company will grow from its current 467 stores in Britain and the Republic of Ireland to as many as 1,500 – and claim at least a 10 percent market share.



## Fred Meyer Installs Electric Vehicle Charging Stations

Kroger-owned Fred Meyer said this week that it has installed a pair of Shorepower Electric Vehicle charging stations at its Portland, Oregon, store that is serving as a “green” flagship for the chain.

The stations can charge eight vehicles at the same time, and will do so at no cost to store customers.

## New Hannaford Store Gets Environmental Recognition

*MNB* reported last week that Delhaize-owned Hannaford Supermarkets was opening a new store in Augusta, Maine, that it believed would qualify for LEED (Leadership in Energy and Environmental Design) Platinum certification, the highest standard for U.S. Green Building Council’s LEED program.

Well, the store opens tomorrow...and indeed, the unit has received Platinum LEED certification. Among the store’s features:

- Ninety-nine percent of the former Cony High School building, which used to stand on the lot, was recycled or reused. More than 96 percent of construction and demolition debris was recycled.
- The new store is expected to utilize about half as much energy as a typical supermarket.
- The store has many unique visual features that save energy and/or are environmentally preferred. For instance, natural daylight is utilized in six different ways to light the store; a 7,000 square foot green roof, which is a layered system of soil and drought resistant plants, will reduce water runoff and help insulate the store; and 86 percent of the wood incorporated in the store is Forest Stewardship Council (FSC) certified.

“We’re thrilled to receive this certification and serve as a role model for other businesses in the retail community. We’ve been working to improve the environmental performance of our stores for many years,” said Ronald Hodge, chief executive officer and president of Hannaford. “Construction of this store will allow us to identify additional measures that we can use to reduce our environmental footprint, while maintaining competitive prices and creating a more pleasant atmosphere for our associates and customers.”

## Haggen Expands Customer Relationship Marketing Program

Haggen Inc. announced that it is extending its TOP Connection customer relationship program to all 18 of the TOP Food and Drug stores that it operates in the Pacific Northwest.

TOP Connection, launched in September 2008 at four stores, is designed to improve customer retention and profitability by offering shoppers unique benefits that include 1) a 7-day low price guarantee, automatically crediting the guest’s in-store account if a purchased item goes on sale within seven days; 2) automatic recall notification based on purchase history; and 3) personalized offers.

“We’ve had an incredible response from our guests because they see the value and benefits we offer are not available anywhere else in the grocery industry,” says Becky Skaggs, Haggen’s vice president of Strategy & Consumer Insights. “This program has made it easier for guests to shop in our stores and for us to build relationships not based on discounts. It has made a difference to our business.”



## **Sansolo Speaks: Loving Your Customers**

*by Michael Sansolo*

Of all the columns in all the world, I can't believe I'm writing one about Oprah Winfrey and sex, but here I go.

It started a few days back when I jumped on an exercise machine at my gym without taking the time to consider what was showing on the television opposite me on the wall. By the time I looked up, it was too late: Oprah was having a show about sex - specifically the female orgasm. (Let's pause here to welcome all the new readers who just discovered *MNB* by typing "orgasm" into Google.) I realized I had two choices: to jump off the machine and move to one near ESPN or to watch. Naturally, I watched.

In fact, Oprah did a brilliant job on the topic, seeming to know exactly when to feign embarrassment, bemusement or whatever else her audience needed to get through the moment. I figured I would watch the episode and never speak of it again, when suddenly Oprah and her guest, Dr. Laura Berman, author of "Real Women, Real Sex" (and welcome again to more new *MNB* readers) discussed the 10-second kiss. At that moment, I realized I had a column to write.

The 10-second kiss principle is pretty simple, according to Dr. Berman. Early in relationships, people kiss; in fact they kiss a lot and they kiss long. Then time goes on and the long passionate kiss has been replaced by a quick peck in the middle of discussing who took out the garbage, made the kids' lunch or fed the dog. The kiss goes missing as does romance and everything that built the relationship. Pretty soon, the relationship has slipped and all kinds of trouble follows.

And that got me thinking about customer relations.

When we first meet a customer, it's all about kissing and romance. We cannot do enough for them, cannot show them enough love and cannot turn our eyes away. For instance, a store in my neighborhood recently completed a long overdue remodel. Reopening day was like the start of a new romance. Sample were everywhere, employees were demonstrating the new self-scanners and there were even figures in costumes to show off new products and services.

Sadly, we know this store can't maintain that level of excitement. Having shopped there on and off for 15 years, we just know it won't. (Prior to the remodel, this store had a well-deserved reputation for poor lighting, poor service, poor food quality and many reasons to go elsewhere. All it really has is a great location.)

So just as Oprah and Dr. Berman said, the relationship will almost certainly get lazy. Sure it starts off great, but then the romance is gone, the kissing is missing and the shopping trip is just routine. The relationship, like it or not, is in trouble.

As Dr. Berman explained, bringing back the 10-second long kiss helps restart the relationship. It brings back the romance and special feeling. And once again, I thought of customer service, which might explain why my wife threw something at me when I explained this column.

One thing we all know is that it costs far more to win a new customer than it does to keep an old one. So for marketing purposes, we need our own version of the 10 second kiss. We need to keep staff mindful of the need to keep a little bit of that opening day magic every day, to romance our customers and keep them happy beyond delight.

In truth, every day cannot be opening day. Every time someone buys a product cannot be just like the first time. It simply isn't possible. But that doesn't mean we shouldn't try to make every day special, every customer interaction something more than ordinary. It's those little touches that make companies like Southwest Airlines, Disney and Stew Leonard's special. It's the little something that we should all strive to give.

Just think the 10-second kiss...only skip the kissing!

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## FastNewsBeat

- *Ad Week* reports on a new study from Information Resources Inc. (IRI) suggests that “while other segments have struggled, the recession has not played a huge a role in baby-boomer food-purchasing decisions. More than three-quarters of the group, born between 1946-64, maintained their spending on necessity items, and 85 percent continued to make unplanned purchases. This makes the group, which represents half of all total U.S. spending, a \$50 billion growth opportunity for consumer packaged-goods companies, per the report.”
  - The *Cincinnati Enquirer* reports that Kroger’s Columbus, Ohio, division is funding a food safety hotline, partnering with Ohio State University and the Center for Innovative Food Technology, students of which will answer the phones.
  - The *Sydney Morning Herald* reports that Costco is on schedule to open its first Australian store, in Melbourne, on August 17, with a \$60 membership fee. A second store is on the drawing board for Sydney, and then Costco says it will decide whether to expand further.
- The climate is not expected to be especially friendly to Costco, since, as the paper writes, “The Washington-based retailer enters a market where Woolworths and Wesfarmers’ Coles unit control almost three-quarters of retail grocery sales.”
- Target announced that it will open 23 stores simultaneously this Sunday – four general merchandise stores, 17 stores with an expanded food selection, and two SuperTarget units.
  - The *Press of Atlantic City* reports that the state of New Jersey is launching a new program designed to encourage food retailers to build or rehabilitate supermarkets in poor neighborhoods and communities not currently served by traditional grocery stores, combining low interest loans with private investment.
  - Following up on recent reports that 7-Eleven plans to use the real estate softness created by the recession to dramatically increase its US store presence, the *Los Angeles Times* this morning reports that the c-store retailer plans to open as many as 600 new stores in Southern California, which would be a dramatic increase over the 800 stores that 7-Eleven currently operates there.
  - The *Greenville News* reports that “Bi-Lo is expected soon to complete a five-year business plan that company officials say will be the foundation for the Mauldin-based grocer’s emergence from bankruptcy as a new or rejuvenated company. The company disclosed in court filings that ‘preliminary discussions’ have begun with potential buyers or investors and ‘high-level discussions’ are underway with lenders regarding exit financing.”

According to those filings, “company officials said their options include retention of all or part of the grocer’s business, a merger or consolidation, and a sale or distribution of its operations to a creditor or other interested party,” according to the *News*. However, company executives aren’t discussing which option is most likely to be chosen.

Bi-Lo went into bankruptcy protection on March 23, and is looking at a September 21 deadline for coming up with a reorganization plan.



## The MNB Wal-Mart Watch

- *Reuters* reports that while Walmart does not plan to open any new small-format Marketside stores for the time being – there are four being tested in the Phoenix market – it does plan to test Marketside private label products in some of its discount stores and superstores. The items are largely in the prepared meal and chilled categories.
- *Dow Jones* reports that Walmart plans to continue its ban on beef from the northern Brazilian state of Para, a ban that was instituted after Greenpeace charged “that Brazilian meatpackers were buying beef from deforested areas of the Amazon region,” according to the story.

Walmart has been joined in the ban by Carrefour and Brazilian chain Pao de Acucar.

- The *Chicago Tribune* reports that Walmart “plans to hold a farmers market on Saturday at the vacant site where it wants to build its second Chicago store, as it steps up pressure on the city to allow it to expand. □ □The truckloads of fresh fruits and vegetables, supplied by Wal-Mart vendors, are slated to be for sale from 10 a.m. to 2 p.m. Saturday, and radio station WVON-AM 1690 will be broadcasting from the event.”

Walmart’s continued pressing for a second Chicago store is opposed by local labor unions, and it is anticipated that the tensions could erupt into a public political battle...which wouldn’t necessarily help the city of Chicago’s image at a time when it is trying to land the 2016 Summer Olympics.

- The Minnesota chapter of the Council on American-Islamic Relations (CAIR-MN) announced today that a Wal-Mart store in that state has agreed to accommodate a Muslim employee’s right to pray in the workplace.

According to the announcement, “CAIR-MN said the religious accommodation came after its intervention in the case of a Muslim Wal-Mart employee who was reportedly fired for violating a new supervisor’s ban on prayer during work breaks. A previous supervisor had allowed the worker to perform his daily prayers. Following discussions between CAIR-MN and local and national representatives of Wal-Mart, the Muslim worker was re-hired and allowed to perform his prayers during breaks.”

## The Balance Sheet

- Safeway Inc. said yesterday that its second quarter profit was up 1.8 percent to \$238.6 million, on Q2 sales that were down 6.5 percent to \$9.46 billion. Same-store sales for the period were down 1.5 percent excluding fuel sales.
- The Great Atlantic & Pacific Tea Co. (A&P) announced that it had a second quarter loss of \$65.2 million, compared to a profit of \$1.3 million during the same period a year ago. Q2 sales decreased 4.5 percent to \$2.79 billion, on same-store sales that dropped 3.3 percent.

At the same time, Ron Burkle’s Yucaipa Cos. announced that it is investing \$115 million in A&P, adding to an existing investment and getting two new members on the board of directors.

- Amazon.com reported yesterday that its second quarter earnings were \$142 million, down 10 percent from the \$158 million reported during the same period a year ago – a decline that the company ascribed to a legal settlement it reached with Toys R Us over online exclusivity agreements. Q2 sales were up almost 15 percent to \$4.65 billion.



## Executive Suite

- Schnuck Markets CEO/chairman Scott Schnuck said yesterday that Todd Schnuck has been named the company's COO after 22 years as CFO.

It is reported that Bill Bredenkoetter, senior vice president of store operations, and Randy Wedel, senior vice president of marketing and merchandising, are retiring to make room for the organizational changes but will continue in senior consulting roles.

Among the other changes at Schnuck Markets:

Dave Bell, the company treasurer, has been named the company's new CFO.

Rick Frede, formerly senior vice president of logistics, will become chief talent and strategy officer.

- Price Chopper Supermarkets/Golub Corporation announced today that Shelley Florence, the company's Director of Associate Relations/Retail, has been promoted to the position of Vice President of Associate Relations.

The company also announced that Andrew White, a Regional Perishable Merchandising Specialist, has been promoted to the position of Zone Director.

And, Chester Pennacchia, the company's Manager of Construction, has been promoted to the position of Director of Construction.

- Stater Bros. Markets announced that Dave Harris, a partner with the accounting firm of Soren McAdam Christenson, has been named vice president - finance.