



-Week Ending 8/22/08-

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Thanks to MNB
for this selection of
articles.

Battling "Green Fatigue"

Good column in *Advertising Age* by Jennifer Maxwell-muir in which she suggests that a kind of "green fatigue" is sweeping the nation, as people find that the surfeit of information, options, hype and fear about the future of the planet is making them almost paralyzed about making choices and exhausted from trying to examine all the information at hand.

And, she writes: "There also is growing uncertainty about the effectiveness of personal actions, despite the truest of intentions. People are so bombarded by 'helpful' advice that they're becoming consumed with anxiety over making the right decision. Local or organic? Carpool or green tags? Bath or shower? The choices are endless. And just when you think you're making the right one, such as using Nalgene as refillable water bottles, you find out that's not right either. Now you've got another thing to worry about: BPA."

And so, Maxwell-muir suggests steps for how to avoid "eco-fatigue," which include:

- "Be remarkable," and make sure your green product solves a specific and significant consumer problem while working or tasting better than anything else in the market.
- "Be green because it is something you value, not as a marketing gimmick."
- "Make it fun and engaging," because boring green products often end up being just boring product failures. There's no reason, she suggests, that a green product can't be "well-designed, smell beautiful and work well." And if it can't...well, then maybe the product shouldn't exist.
- "Partner with an established nonprofit," because such alliances can create something bigger than just a green product; it can tap into a movement and make consumers part of the solution.

And, Maxwell-muir writes, it is important to move beyond green: "Green is a fad. Sustainability is continual improvement. If you're only looking at energy consumption, you're just scratching the tip of the iceberg. Businesses that endorse a 'triple-bottom-line' approach -- Organic Valley Farms, New Belgium and Clif Bar, to name a few -- also address their affect on society in their communities. Environment is the third leg of the stool, but without the other two, you wouldn't have a place to sit."





Marketers, Welcome to The Future

The *Wall Street Journal* reports this morning that “in the latest effort to tailor ads to specific consumers, marketers are starting to personalize in-store promotions based on products the consumer recently picked off a shelf or purchased -- and in the near future, based on what the shopper looks like.

“Dunkin’ Donuts,” the story goes on, “is among the first marketers in the U.S. to begin testing the technologies, at two locations in Buffalo, N.Y. People ordering a coffee in the morning can see ads at the cash register promoting the chain's hash browns or breakfast sandwiches. At the pick-up counter, customers see ads prompting them to return for a coffee break in the afternoon and try an oven-toasted pizza.

“In a separate test, Procter & Gamble is placing radio-frequency identification tags on products at a Metro Extra retail store in Germany so that when a customer pulls the product off the shelf, a digital screen at eye level changes its message. When a consumer picks out a shampoo for a particular type of hair, for instance, the screen recommends the most appropriate conditioner or other hair products.”

There remains considerable debate about the efficacy of such programs, and much of it seems keyed to whether consumers will find such efforts to be intrusive; after all, these technologies don't exist in a vacuum, and shoppers are constantly being bombarded with messages and sales pitches.

Publix Opens Stand-Alone Meal Assembly Store

The *Tampa Bay Business Journal* reports that Publix has opened its first stand-alone meal assembly store, called Apron's Make-Ahead Meals, in Lithia, Florida.

According to the story, “The Apron's customers assemble meals using Publix ingredients and recipes. Customers prepay online for packages costing \$59.99, \$109.99, \$134.99 or \$189.99 when they register ... to reserve a time and browse menu selections. The Apron's has meal assembly stations where customers utilize ready-to-cook ingredients. The meals are then packaged and kept refrigerated until the session is complete.”

In addition, the store features a program that allows customers to simply buy preassembled meals without all the trouble of cooking.

Sansolo Speaks: “The ABCs Of Life”

by Michael Sansolo

A funny thing happened on my son's way to college. He got a lesson in banking, which in turn provides a lesson to all of us.

Now before you read any further, think for a second about how little an 18-year-old really has to do with a bank these days. The odds are that the overwhelming portion of his banking will be performed via machines, either ATMs or on-line banking. In so many ways, a bank is a completely faceless and useless building.

In my house, we don't think that any more. And it's all because of a little book provided by the bank aimed at introducing college students (and other young adults) to the world of banking. By that I don't mean high finance, subprime loans or credit card fees. (I still have many problems with banks, as you can tell.) Rather, the book provided simple details on topics including:

- How to write a check.
- How to balance your checking account.
- How to understand interest—both paid to you and to the bank.



Basically it was a compilation of simple, clear and important stuff to know and all written in a way that anyone could understand and use. It got me thinking about why supermarkets don't have a similar book.

In contrast, think for a second about the supermarket. In truth, it's one form of retailing that young adults will likely have to deal with, unlike the banks. On-line shopping is still embryonic, which means that even the most inept home cook (college-aged boys fall heavily into that group) might have to visit them from time to time. So why don't we turn this into opportunity? What's more, we know they'll have to eat and perhaps that means they will actually cook. Once again, opportunity is knocking.

Think of all the useful skills we could so easily detail. There could be easy lessons on how to properly pick produce; 10 simple meals that anyone can make, even with limited cooking appliances; simple supermarket terms that everyone should understand; even safe food handling tips or guidance in making better nutritional choices.

Again, nothing fancy, but all completely essential...just like at the bank.

Now I'm sure some of you out there are saying this is ridiculous idea. After all, you might say, aren't kids learning this stuff at home from their parents? Well, the answer is NO!

We know from painful experience that some things aren't getting taught at home or in the schools any more. Home economics is off the curriculum in most places and, sadly, many young adults don't have a parent who understands banking, cooking, or many other essential skills. We don't have to make value judgments, we just have to help.

A simple book of tips and guidance would turn the newest shoppers into better shoppers and then the benefits multiply. Budget challenged young adults might find out how easily they can prepare certain meals and might actually start finding reasons to cook more because they'll begin to know how to do it. Young adults might appreciate the help with current issues like understanding what a "trans fat" is or how to avoid food-borne illness. Through education they may grow to trust us and rely on us more, which can only mean good things in the future.

And then there's the other benefit that parents picking up this book for their kids might actually learn a thing or two themselves and might also appreciate the goodwill and act on it in their shopping.

If nothing else, there's no way we can't produce something more useful and relevant than banks. There's an old joke that whenever you see a banker jump out a window, jump after him or her. It means there must be lots of money in the street.

Well, get jumping. The banks have gotten this one right.

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Evaluating The In-Store Health Clinics Industry

MSNBC reports on the evolution of the in-store health clinic industry: "Overall, there are about 1,000 retail health clinics currently operating in the United States, according to Merchant Medicine, an industry consulting and research group," *MSNBC* writes. "While some clinic operators have been expanding, others have given up. In the past year, Merchant Medicine estimates that 136 clinics have closed up shop, a trend it blames in part on financiers who lost patience when the clinics weren't showing quick profits."

And, while "as recently as last year, Wal-Mart Stores Inc. and other retailers were touting in-store health clinics as the wave of the future, offering basic health care at low cost and with fewer hassles than a visit to your doctor's office or the emergency room. But widespread acceptance of the clinics appears to be slow, with many consumers reporting skepticism about the idea of getting a checkup where they also get their groceries.

"In addition, many in the business have been hit with operational and financial snags, forcing them to retool or even abandon their strategy."





For Supermarkets, What Goes Around Comes Around

Excellent piece in *Business Week* about how supermarkets' ability to take advantage of the recession – offering eat-at-home meals cheaper than those being sold in restaurants, and selling higher-margin private label products instead of national brands – has turned out to be somewhat short-lived.

Because consumers continue to feel financial pressures from various angles, supermarket chains are employing various strategies to keep them coming into the store. "Mid-tier chains that had thrived in recent years by expanding their product lines and spiffing up their interiors to compete with upscale rivals like Whole Foods," the story writes, now are "hawking low-cost meals to compete with restaurants and ramping up gas discounts."

Business Week writes that "SuperValu has adopted some tactics of its discount unit, Save-A-Lot, which offers a reduced selection, such as one house brand of strawberry jam instead of the usual half-dozen mix of brands. SuperValu is beefing up profitable house labels at stores such as SuperValu, Albertsons, and Shaw's. The company may also extend a new Save-A-Lot initiative, called 'Fuel your Family,' that suggests food combinations to feed a family of four for less than the cost of a gallon of gas."

Kroger, the story says, has the added advantage of its contract with Dunnhumby, Tesco's data-mining company, which allows it to target shoppers with relevant advertising and to send appropriate offers to shoppers' cell phones.

Tom Schoewe, Walmart's CFO, tells *Reuters* in a separate interview that the retailer "is determined to maintain its low prices and its margins despite growing pressure from suppliers seeking price increases." Schoewe says that the company is getting a high number of requests for price increases from suppliers, and that ultimately what matters "is the gap in price between us and our competitors."

FastNewsBeat

- As expected, Tesco has sold 13 of its UK properties for the equivalent of \$1.2 billion (US), and will lease the buildings back to continue operating as stores. The real estate represents 2.4 percent of its UK store portfolio, and was sold to the Universities Superannuation Scheme, PRUPIM, LaSalle Investment Management and Canada Life.
- Winn-Dixie has announced that it has become a member of Topco Associates for procurement of its private label products.

The MNB Wal-Mart Watch

- The *San Antonio Business Journal* reports that Walmart and Tesoro Corp. have decided to close 42 Mirastar gas stations that have been operating at Walmart stores around the country. The decision leaves 32 other Walmart locations where Tesoro will continue to operate gas stations. No reason was given for the move, other than Tesoro saying that it was a "business decision."



The Balance Sheet

- BJ's Wholesale Club reports that its second quarter net sales, which exclude membership fee revenue, rose 17.9 percent to \$2.65 billion from \$2.25 billion. Same-store sales were up 15.5 percent, including an 8.1 percent contribution from sales of gasoline. Membership fees and other revenue rose to \$48.1 million from \$46.8 million.

Q2 profit was \$36.5 million, up from \$36.3 million, a year earlier.

- Longs Drug Stores, about to be acquired by CVS Caremark, said that its second quarter earnings were \$27.5 million, compared to \$26.6 million in last year's second quarter.

Q2 sales were \$1.33 billion in revenue, up from \$1.27 billion in the same period last year, on same-store sales that were off 1.1 percent.

Target Corp. reports that its second quarter net income was down 7.6 percent to \$634 million, from \$686 million in the year-earlier quarter.

Revenue rose 5.8 percent to \$15.47 billion. Retail sales, excluding credit-card revenue, rose 5.6 percent to \$14.97 billion, from \$14.17 billion, and same-store sales were off 0.4 percent.

The company said that it would slow its new store opening plans and tighten its credit card terms to compensate for the disappointing figures.

Executive Suite

- Food Lion announced that Mark Messier, the company's vice president of retail services, has been promoted to the role of vice president of U.S. Supply Chain for Delhaize Group, Food Lion's parent company.

Greg Finchum, who has been serving as Food Lion's director of Retail Labor and Standards, is being promoted to succeed Messier as vice president of Retail Services.

- Golub Corporation/Price Chopper Supermarkets announced today that Lee E. French, the company's director of seafood merchandising, has been promoted to the position of Vice President Seafood Merchandising, reporting directly to Mark Brown, Vice President of Perishables.

The company also announced that that Michael Howard, its director of budgeting and statistics, has been promoted to the position of Vice President, Budgeting and Statistics reporting directly to John Endres, Senior Vice President of Finance.