



-Week Ending 9/5/08-

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Thanks to MNB
for this selection of
articles.

Keeping Them On The Farm Once They've Seen Food Store Prices

The *Boston Globe* reports that "with skyrocketing fuel costs and food price inflation at 6 percent, many consumers are rethinking how and where they shop for food ... Some consumers are willing to make longer trips to discount supermarkets or pick-your-own farms - even if it means using more gas - because of the savings on food.

According to the story, "Consumers young and old are taking to the fields this summer, picking their own produce for less money and visiting local farmers markets and stands as a way to avoid soaring grocery prices and address concerns about recent food scares.

"Across the country, many farmers are seeing an uptick in business; here in Massachusetts some are reporting a more than 25 percent increase in sales, though there are no official industry surveys. Local farmers are finally able to compete on cost, and even offer lower prices in some cases, than area supermarkets confronting huge increases in shipping costs to haul produce from California and beyond."

Walmart Launches New "Smart Network"

Ad Week reports that Walmart is rolling out a new and improved version of its in-store television system, dubbed "Walmart Smart Network," to 300 supercenters in time for the end-of-year holidays. By 2010, the retailer expects the system to be on 27,000 screens.

According to the story, "the new network will be powered by Internet Protocol Television, allowing content and advertising to be monitored and controlled down to a single screen ... (and) is the result of two years and \$10 million in research and development to find the ideal placement of screens and optimal programming to engage consumers."

According to the story in the *Financial Times*, "Wal-Mart's programme was developed with \$10m of funding from its main advertisers, and is part of a broad push in retail to develop ways of measuring the impact of in-store messages, such as 'gaze-tracking' devices and surveillance cameras that track shoppers' movements. Consumer goods companies are increasingly interested in attracting customers with brand messages that reach them as they shop, as traditional advertising on TV and in newspapers declines."





"We've built a network tailored to the way consumers shop our stores, delivering helpful, custom content closest to the point of decision that helps them shop smarter," Stephen Quinn, Walmart's chief marketing officer, tells *Ad Week*. "The Smart Network is intelligent too, because every screen and every message has a purpose and we will be analyzing point-of-sale data on an ongoing basis to deliver a shopper-centric communications platform."

Supervalu Launches Line Of Premium, Own-Label Meal Solutions

Supervalu announced yesterday that it is launching a new line of 150 products, branded under the name "Culinary Circle," that it says will allow shoppers "to enjoy restaurant quality food right at home easily and affordably, and is available nationwide at the company's family of grocery stores, including Acme, Albertsons, bigg's, Cub Foods, Farm Fresh, Hornbacher's, Jewel-Osco, Lucky, Shaw's/Star Market, Shop 'n Save and Shoppers Food & Pharmacy."

According to the announcement, "The Culinary Circle brand will initially feature more than 150 items in the deli, bakery, frozen and center store aisles. Offerings range from on-the-go meals, elegant hors d'oeuvres and gourmet spreads to high-end desserts and artisan breads. Culinary Circle products will be priced approximately 20 to 25 percent below casual restaurant food and about 10 to 15 percent lower than other premium national brands ... Inspired by the cuisine at some of today's most popular restaurants, Culinary Circle products offer the latest in flavor trends and are made with unique, fresh, high-quality ingredients."

Sansolo Speaks: Olympic Lessons

by Michael Sansolo

Forget Michael Phelps and Usain Bolt. Sure, they dominated the headlines from the recently concluded Olympics. But when it comes to business lessons, the two keys to remember are fingernails and beer bellies.

Fingernails are a tribute to Dara Torres, the amazing American swimmer who at age 41 came within one one-hundredth of a second of winning a gold medal. Asked about it after the race, Torres gave the quote of the Olympics. Essentially, she said, "I shouldn't have filed my nails last night."

It's a metaphor we should all remember when we think of the importance of the smallest detail. Torres trained harder than most of us could probably imagine. Lord knows how she balanced motherhood with swimming, but she did. And she came in second by a fraction of time none of us can imagine and couldn't measure with a stop watch if we tried. Which is why she talked about that shortened fingernail.

I'd love to see companies put up posters of Torres and start "fingernail" awards to remind associates of the importance of every last bit of effort. Winning a silver medal is great at the Olympics, but in business it is all about the gold. And that means finding every edge, down to the fingernail.

Beer bellies are a less obvious Olympian effort. Although I love sports, I don't always enjoy the entire experience. One of my least favorite parts of a live event is the "wave" and other organized crowd activities. However, I'm always amazed at how a handful of guys who've had a little too much to drink can get a crowd of 50,000 or more organized into a wave with some yelling, cajoling and a lot of effort.

I mention this because I had the amazing good fortune to attend part of the Olympics in China. And for the most part, I was blown away.

China is a country of ironies and contradictions. I get chuckle thinking about how annoyed the ancient emperors must be as their Forbidden City is visited by thousands of commoners. Likewise, there's great irony in Chairman Mao's portrait peering down at his Nike-wearing, iPod-listening people. (Not to mention that Col. Sanders' picture outside KFCs in Beijing is equal in size to Mao's.)





China has its issues. The most populous communist country on earth is exploding with capitalism. Rich and poor, ancient and new are side by side everywhere. And Americans (in fact all westerners) better take notice. China's technology, wealth and drive were displayed in many ways beyond the country's emergence as a sports power. It was apparent in the architecture, in the roadways and in every other impressive part of the city.

In fact, it was more than a little stunning to leave Beijing's brand new, technology advanced airport to return to Dulles Airport outside Washington. A visitor from China would be stunned at the step backward.

Of course, the power is backed by a totalitarian regime and the problems, such as air and water pollution, are more obvious than the horizon on most days. But the bottom line is that China is a country exploding into modern times, which creates tremendous implications for the future of energy, food, water and business resources. Looking at the incredible number of construction cranes around the city, one retailer with me on the trip said he now understood why the cost for steel has shot up. China is using it.

But that brings us back to the beer bellies and the wave. At the Olympic closing ceremonies, a team of Emcees supported by an army of volunteers around the stadium did their best to get the crowd into a wave. Their effort was robust and organized and, of course, a failure. In the US, three guys with big guts and voices would have never accepted such a weak showing.

We've got more than big guts going for us. We have creativity, entrepreneurship and individual drive. We have people who can make great things happen with their voices, their drive and their effort.

And we had better not forget it because the competition is getting better all the time for our companies and our country. We don't need slogans, we need action.

Remember, every last fingernail matters.

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Nutrition Gap Said To Widen As A Result Of Rising Prices

The *Wall Street Journal* reports that one of the casualties of the rising costs of food is likely to be people's efforts to eat healthier food – since such products are, by their very nature, more expensive than less healthy foods. This won't just impact people who are eating healthier by choice, but also people who are dealing with specific medical conditions.

According to the *Journal* story, "Relief from the rising cost of food isn't expected anytime soon. Food prices increased 4% in 2007 and are expected to be up an additional 5% to 6% this year, according to the Department of Agriculture. The food crisis has sparked riots around the world and stretched pocketbooks at home, but it is for some as much a health concern as an economic problem. Since healthier foods, like whole wheat bread and fresh fruits, are already more expensive than white bread and processed foods, the increases are acutely felt by people trying to fight serious illnesses."

In part, the impact really is being felt by organizations that deal with these people, and the *Journal* notes that "food inflation is forcing many of these groups to scale back their ambitions or reassess how they operate."

Bringing Proper English To The Supermarket

In the UK, the *Telegraph* reports that all of Tesco's new stores there will feature signs on express lanes that say "up to 10 items," rather than the traditional "10 items or less."

The change is being made after an effort by an organization called the Plain English Campaign to get the chain to use proper English in its stores.





The use of "10 items or less" is considered to be incorrect because "less" means "not as much," while "fewer" means "not as many." However, a spokesman for the Plain English Campaign says there remains some debate about this issue because "this can be tricky when referring to quantities. For example, we say less than six weeks, not fewer than six weeks, because we are not referring to six individual weeks, but to a single period of time lasting six weeks."

And so, rather than become embroiled in a new debate, Tesco decided to avoid the use of "fewer" and "less" altogether and go with the less debatable "up to 10 items."

FastNewsBeat

- IGA announced that three retailers have been selected as the IGA USA Retailers of the Year: Bob Buonomano, Bob's Windham IGA, Willimantic, Conn.; Allen Milam, Milam's Market IGA #1, Miami, Florida; and Rick Stewart, Susanville Supermarket IGA, Susanville, Calif.
- The Great Atlantic & Pacific Tea Company, Inc. (A&P) announced a partnership with 4D Pharmacy Management Systems, Inc. that the company says will enable it to administer employer group prescription drug benefits through its Live Better! Wellness Program. Employer groups will have access to 4D's nationwide network of over 60,000 pharmacies and as well as special incentives at the company's participating banner store Pharmacy Centers. The Live Better! Wellness Program begins managing pharmacy benefits on January 1, 2009.
- Delhaize Group has published its first corporate responsibility report, entitled "A Healthy Approach To Live," which endeavors to position the company's approach to "the health and wellbeing of its customers, associates and the communities."

Three areas are targeted by the report: food safety and health, associate development, and energy conservation.

- The Environmental Leader reports that at the recent Beijing meetings of the Coca-Cola Retail Research Council, Tesco CEO Sir Terry Leahy said that it is incumbent on the food industry to "go green," because every dollar spent working on climate change issues now will eventually save children between five and 20 dollars. The report says that Leahy told the conference that "businesses should overcome barriers of price, and incentivize customers to buy greener products (since) consumers are directly and indirectly responsible for 60 percent of carbon emissions."

Leahy also said that an emphasis on "green" should not and will not affect growth and profitability, since reducing emissions and conserving energy can also cut costs in the long run.

- The Chicago Sun Times reports that Safeway-owned Dominick's "is planning to lease space to other retailers in 15 of its larger Chicago-area stores to try to boost sales," with likely companies to include exercise gyms or fashion clothing retailers.
- The *New York Times* reports this morning that Target, which still isn't scheduled to open its first store in Manhattan until 2009, plans to open a quartet of four "pop up" stores in the city that will sell designer merchandise.

Twenty-two designers will be represented in the stores, and three of them will have merchandise sold in the temporary stores that will not be available anywhere else for at least a month.

However, while the stores will certainly hinge on Target's fashion credibility, they also will emphasize the company's discount appeal, which is getting more emphasis in advertising and promotions during a time of economic decline.

- The *Chicago Sun-Times* reports that "after Sears Holdings Corp. reported ... a worse-than-expected 62 percent drop in fiscal second-quarter earnings, experts predicted Kmart's extinction and wondered how much longer the retailer will take to hire a CEO." According to the story, "A Sears spokesman said Thursday there was no update on a search to replace former CEO Aylwin Lewis, who left Feb. 2 after a disappointing holiday season, and there was no time frame for hiring a new leader."





The MNB Wal-Mart Watch

- Walmart announced this morning that it is opening a new Asia regional headquarters in Hong Kong, which will oversee the retailer's businesses in China, Japan and India, as well as look for new opportunities in Asia.

The Balance Sheet

- Walmart said that its August sales were up 8.7 percent to \$30.67 billion, with same store sales that were up three percent.
- Target Corp. reported that its August sales were up 3.1 percent to \$4.85 billion, on same-store sales that were down 2.1 percent.
- Longs Drug Stores Corp. said that total retail drug store sales for August increased 0.9 percent to \$364 million from last year. Same-store sales dropped 1.4 percent.
- Costco Wholesale said that its August sales were up 12 percent to \$5.41 billion from \$4.84 billion in the year-ago period, on same-store sales that were up nine percent.

Executive Suite

- Unilever announced that it has named Paul Polman, currently the head of Nestle's Americas business, to be its new CEO, succeeding the retiring Patrick Cescau, who will leave the company at the end of the year.
- Craig Owens, executive VP/CFO at Delhaize Group, is leaving the retail company to become senior VP/CFO/CAO at Campbell Soup Co. He succeeds the retiring Robert A. Schiffner.