

- Retail Industry News from IRI for Week Ending 9/21/07-

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Thanks to MNB
for this selection of
articles.

Partnership For Food Safety To Expand Education Campaign With 26 Retailers

The Partnership for Food Safety Education (PFSE), the ten-year-old nonprofit coalition of industry, government and scientific organizations, will announce this morning that it is expanding its "Be Food Safe" educational efforts by enlisting retailers to promote safe food handling messages among consumers.

The "Be Food Safe" program was originally launched by the US Department of Agriculture (USDA) last year, and now will, according to a press release, "empower retailers to deliver core food safety messages ('Clean, Cook, Separate, Chill') through a bold new graphics platform."

According to PFSE, "'Be Food Safe' retailers represent 5,200 stores in 46 states reaching an estimated 81 million consumers with consistent reminders about how to safely handle food to reduce their risk. These food retailers will bring 'Be Food Safe' messages to their customers through in-store signage, brochures, flyers, packaging and circular ads, among other materials."

The 26 retailers who have signed onto the program include Albertsons LLC, Big Y, Brown & Cole, Buehlers, Fiesta Mart, Food Lion, Giant Food, Giant Eagle, Hannaford Bros., Highland Park Market, Kings Super Markets, Lunds/Byerley's, Meijer, Publix, Roundy's, save Mart, Schnuck Markets, ShopRite, Stop & Shop, Sweetbay Supermarkets, and Weis Markets.

Hannaford To Build "Platinum Certified" Green Supermarket

Hannaford Supermarkets will announce today that it plans to build a new supermarket in Augusta, Maine, that is designed to qualify for "platinum certification" from the US Green Building Council (USGBC) and its Leadership in Energy and Environmental Design (LEED) rating system.

According to the company, Hannaford "is committing to designing environmentally responsible features and systems into the building. In order to receive the LEED certification, the store will incorporate a variety of energy saving and environmentally sustainable features.

"Examples include solar photovoltaic panels, a green roof, geothermal heating and cooling, high efficiency refrigeration, energy efficient lighting, and an advanced recycling program, among others."

Hannaford President/CEO Ronald Hodge says that the store will be a research laboratory for the company to test new innovations that decrease energy usage, waste, and water consumption, while improving air quality, stormwater management, and use of sustainable materials.

“The net effect of this project will be reduced greenhouse gas emissions, water consumption, and waste, as well as increased landscaping, and an improved indoor environment for both store associates and customers,” Hodge says. “Our green store will be a forum for learning and teaching about Green Building.” Hannaford plans to apply learned in the new store to future stores built by the company.

The proposed new 49,000 square foot store would replace Hannaford’s Willow Street store. If certified by USGBC, the new Hannaford store would be the first Platinum-certified LEED supermarket in the world.

Survey Points To Online Shopping Woes

A new Harris Interactive survey suggests that the online shopping experience remains problematic for a vast number of consumers, with nine out of ten people surveyed saying they are still having problems making online purchases. In addition, 42 percent of those who have trouble making online transactions say that they either abandon the sale altogether or look for an alternative site when faced with such problems.

Other remarkable statistic from the Harris report: three out of four people surveyed said that if they had a bad customer service experience online, they stopped doing business with the company involved. Almost half of survey respondents said that their problem was never resolved even after contacting customer service. And 68 percent of those surveyed said that the customer service person they spoke to seemed to know nothing about the website.

Meijer Has Different Prescription For In-Store Clinic Business

The *Chicago Tribune* reports that Meijer has opened in-store medical clinics in two Illinois units, but with a difference – these Medical Marts are staffed by actual doctors, and not just nurse practitioners, and therefore have escaped the wrath of the American Medical Association, which argues that the nurse-staffed facilities could compromise patient care.

One more Meijer store in Illinois is scheduled to get a doctor-staffed in-store clinic before the end of the month, and the Las Vegas-based Medical Mart says that it is working with other retailers to roll out the concept.

The *Tribune* writes, “Founded three years ago, Medical Marts has a goal of 400 clinics in retail outlets across the country by the end of 2009. The company has opened seven in Utah in Shopko stores, with four under construction in St. Louis and Virginia.

“But Medical Marts has a long way to go to catch up to some of the industry leaders. There are at least 600 retail medical clinics in the U.S., according to a report last week by Merchant Medicine, a Minneapolis-based research and consulting firm that advises medical-care providers and employers on how to work within the retail clinic industry. CVS/Caremark Corp. subsidiary MinuteClinic is by far leading the pack, with more than 250 retail clinics, followed by Walgreens’ subsidiary Take Care Health Systems, with 55 clinics. There are at least 16 companies operating retail health clinics.”

Wal-Mart To Sell Private Label Energy Saving Light Bulbs

The *Wall Street Journal* this morning reports that Wal-Mart, which has been one of the nation's biggest "proponents of energy-saving, compact-fluorescent light bulbs," plans to unveil a private label line of the bulbs, essentially doubling its bet it can engineer a significant change in what consumers buy and how much they spend on energy consumption.

The retailer, according to the *Journal*, "plans for its Great Value CFL bulbs to cost less than brand-name bulbs, pricing a pack of four bulbs at \$7.58, or roughly the price of a three-pack of brand-name bulbs. The Bentonville, Ark., retailer intends to stock its bulbs in 3,000 -- or nearly three-quarters -- of its U.S. stores this month. It is expected to announce its plan today."

The *Journal* notes that "Wal-Mart has promoted CFLs for the past two years as a cornerstone of its green strategy to cut its waste and offer environmentally friendly products. Working with suppliers such as General Electric Co, the retailer pledged in November to sell 100 million CFL bulbs by the end of 2007. At last public disclosure, it had sold more than 80 million. Andy Ruben, Wal-Mart's vice president of strategy and sustainability, said during a Sept. 4 speech that CFLs account for 15% of light-bulb sales at Wal-Mart, up from 5% nine months ago."

D'Agostino's Turns 75

Nice piece in the *Journal News* about D'Agostino Supermarkets, which is celebrating its 75th anniversary this fall. Nick D'Agostino III makes the point to the paper that while the "company continues to cater to an upscale clientele through its gourmet foods and its services and amenities," the company "plans to keep the format of a supermarket rather than a gourmet specialty store," because the latter identity would be too limiting. That said, D'Agostino identifies his chief competition as Food Emporium, Fresh Direct and Whole Foods ... and the 18-store chain has to make sure that it identifies points of difference that will keep people coming back.

That means a new website that offers online shopping to compete with Fresh Direct, and having a product selection that can compete effectively with Food Emporium and Whole Foods. But the big difference, according to D'Agostino: "It's the relationship with the customer; I think that's what we have to always go back to. We have quite a few stores where cashiers and customers have relationships, and people come in to say hello to the cashiers and they share stories about their lives. ... Whether it be 75 years ago or now, it's how you relate to the customer and how you serve their needs."

Esselunga For Sale...Or Maybe Already Sold

Published reports say that the owners of Italian supermarket chain Esselunga have confirmed that the company, which generates around \$7 billion (US) in annual revenue, is on the sales block.

However, they are not confirming another report -- that UK-based Tesco already has acquired 49 percent of the company. Tesco also is not commenting on the report,

A press conference, at which the impending (or completed) sale will be discussed, is scheduled for Friday.

FastNewsBeat

- The Great Atlantic & Pacific Tea Co. (A&P) said Saturday it will sell its 19 New Orleans-area Sav-A-Center outlets to Rouses Supermarkets of Thibodaux, La., and two more to other buyers. Terms of the deal were not disclosed, but the sale is expected to close within six weeks. Once it is completed, A&P will have exited all of its non-core markets, leaving it to focus just on the northeastern US, where it hopes to close soon on its acquisition of Pathmark Stores.
- In Indiana, the *Star Press* reports that virtually every store owned by Marsh Supermarkets will be hanged to one of two banners - Marsh Hometown Markets or Marsh The Marketplace. The only exception will be the O'Malia's Food Markets owned by the company.

The move is seen by local analysts as reflecting a commitment by Sun Capital Partners, which bought the company from the Marsh family in 2006, to continue investing in the stores.

- More than 70 independently owned Shop 'n Save stores in Pennsylvania and Ohio announced yesterday that they will begin doubling coupons up to 99 cents.

Bill Lipsky, director of merchandising for Supervalu, which supplies goods and services to the Shop 'n Save retailers, said that some of the stores had been offering double coupons but that consumer demand had prompted all the stores to join the program.

- The Great Atlantic & Pacific Tea Co. (A&P) and Pathmark Stores reportedly have agreed to give the US Federal Trade Commission (FTC) at least two weeks notice before attempting to close A&P's \$679 million acquisition of Pathmark.
- The *Denver Business Journal* reports that a company called Hampton Retail Investors LLC has purchased 17 former Albertsons grocery stores in Colorado, and plans to renovate the rent out the properties to non-food retailers. The stores were vacated after the purchase of Albertsons' assets in the region by Supervalu.

Terms of the deal were not disclosed.

- The *Wall Street Journal* this morning reports that Bernardo Caprotti, chairman of the Italian supermarket chain Esselunga, said at a press conference today that the sale of the company is just one option, and that he is in no hurry to make such a deal.

Caprotti did not announce what had been much rumored – that Tesco was buying at least 49 percent of the company.

- Ahold-owned Peapod and Stop & Shop have opened a third distribution facility on Long Island which the company says will position the Internet grocery retailer to better serve all of Long Island – Nassau and Suffolk counties – as well as sections of the New York City borough of Queens.

The MNB Wal-Mart Watch

- Seiyu, the Japanese retailer that is 53.6 percent owned by Wal-Mart, said today that it expects a 76 percent greater loss this year than previously projected, and attributed the increase to a seven percent cut in its labor force, mostly headquarters staff, that was instituted because of low sales.

However, the *Washington Post* reports this morning that COO Toru Noda said that he expected that this would be the last time major job cuts would be necessary, and that he did not expect Seiyu to begin closing down stores.

The *Post* notes that Wal-Mart has invested more than \$1 billion (US) in Seiyu, but has been unable to get the kind of traction in the marketplace that it hoped for – which has led to some rumors that the company might bail out of the Japanese market.

The Balance Sheet

- The Kroger Co. reported yesterday that its second quarter net earnings totaled \$267.3 million, compared to \$209.0 million during the same period a year ago. Q2 total sales increased 6.6 percent to \$16.1 billion, and same-store sales increased 5.8 percent with fuel and 5.1 percent without fuel.

Executive Suite

- Supervalu announced that Carl Jablonski, president of the company's Shaw's banner in New England, will retire after 38 years with the company.

Larry Wahlstrom, president of the company's Jewel-Osco banner in Chicago, will replace Jablonski as president of Shaw's.

Wahlstrom will be succeeded by Keith Nielsen, Jewel-Osco's senior vice president of operations.

- The Kroger Co. has named Rick Going to be president of the company's new Michigan division, effective immediately. Going is a 26-year veteran at Kroger, and has had roles that have included being vice president of Retail Operations and vice president of Merchandising for Kroger's Cincinnati/Dayton division.