



-Week Ending 10/10/08-

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Thanks to MNB
for this selection of
articles.

Shopper Marketing Could Shift Retailer-Supplier Balance Of Power

There is an intriguing story in *Advertising Age* suggesting that as in-store marketing becomes an ever-greater component in the branding strategies of CPG companies, as they shift spending to the environment that is close to where the shopper actually makes the decision, the broader transition may be to a climate in which food retailers may be able to improve their profit margins significantly.

It is, according to *Ad Age*, a shifting in the balance of power that could have long-term implications.

Ad Age writes: "A recent survey by Deloitte Consulting and the Grocery Manufacturers Association, in fact, gives shopper marketing higher marks for return on investment than most conventional media. It also found that big package-goods marketers are jumping on the shopper-marketing bandwagon fast, and players who had lingered on the sidelines are ramping up quickly. But retailers are ramping up their own shopper-marketing departments even faster, the survey found -- creating a crush for the same relatively small pool of experienced talent.

"The disturbing question for package-goods players is: If the marketing talent and media budgets are flowing toward retailers, will the profit margins follow? After all, the brand power and marketing savvy of package goods have long been key justifications for higher prices that result in at least double the margins retailers that sell their goods get."

MNB's Tales Of Tesco

- Tesco's Fresh & Easy division in the US reportedly has opened three new stores in the Las Vegas market, with three more slated to open in the area next month -- which will bring the Fresh & Easy presence in Las Vegas to 25.

"We're proud to have opened in so many different types of neighborhoods throughout Las Vegas," said Fresh & Easy CEO Tim Mason in a prepared statement. "With every store we open, we create more local, competitive jobs and bring quality food at great prices to the neighborhood."

Fresh & Easy now has a total of 93 stores open in California, Arizona and Nevada.





Safeway's Burd Gets SPIRIT Award

Safeway CEO Steve Burd has been presented with the 2008 SPIRIT Award, "for his leadership in furthering employment and workplace opportunities for people with disabilities," by the US Department of Labor.

According to the company, Safeway currently employs nearly 10,000 people with intellectual and physical disabilities including hearing and sight impairments, and Burd has been at the forefront of this hiring philosophy while also urging other employers to "recruit from this largely untapped, but valuable talent pool."

Sharing the 2008 award was former New York Yankees pitcher Jim Abbott, who became well known for reaching the major league level despite only having been born with one hand. Abbott currently works to raise awareness of the benefits of hiring disabled employees.

"I am deeply honored and proud to be among the Department's SPIRIT award winners and particularly pleased to be sharing the recognition with Jim Abbott," Burd said. "Assisting people with disabilities has long been an important part of what Safeway stands for in the community. We have worked hard to ensure that our company is a place where people with disabilities can find rewarding opportunities."

Sansolo Speaks: New Realities

by Michael Sansolo

In the age of Facebook, there's nothing more valuable than teen-aged children. Although I use Facebook, I understand the culture like an alien. My kids are the real deal.

Now the odds are that many of you have no use for Facebook, although the *MNB* audience usually boasts unusual technological savvy. However, I promise you there are parts of Facebook none of us understand - and that is to our peril. Facebook (and the other social networking sites exploding on the web) is not about business, or at least not yet. But it's coming closer every day.

Consider the case of the Baltimore Symphony Orchestra (or BSO.) Orchestras and classical music may not seem the best use of Facebook, but the BSO has good reason to ignore conventional wisdom. My son, who is studying to be a classical musician, told me about a major North American symphony that recently sent out renewal notices to its loyal subscriber base. The return mail told a sad story: a large percentage of the audience had died. Classical music has a demographic challenge.

The BSO isn't taking this lying down. As my son explained, the BSO formed groups on Facebook to talk to students about classical music, about upcoming concerts and about the deals and discounts they offer for students. In short, the BSO is trying to build that next generation of fans and it's not something they are doing lightly.

The BSO is the most prominent American symphony conducted by a woman. The BSO has two home concert venues about 50 miles apart to expand its reach. And the BSO plays unusual concerts, such as the music of the Grateful Dead to win over Baby Boomers and the music of video games to win over their children.

In other words, the BSO isn't just fighting the demographic wave; it is diving in headfirst.

Understanding how to do the same seems a critical issue for every business, but we have to start acting now. I have no doubt that every reader of *MNB* has access through work or home to a young person who knows how to use Facebook. Well, it's time to ask them to give you a tour to help you speak the language of this new age.

Ted Leonsis, one of the founders of AOL, discussed the power of the Internet in a short address to the CIES Future Leaders Conference this past weekend. Leonsis talked about how the Internet has changed the way we do nearly everything, whether it is a child using Wikipedia for a school paper or how adults make purchases. Leonsis told a story about how his interest in a topic led him to a book recommendation on Amazon.com, which of course led to additional recommendations and therefore more purchases.





(As an aside, Leonsis explained that in the world of the Internet, increased usage has meant cheaper pricing or virtually free services. It led him to question why the interchange fees charged retailers for credit and debit cards manage to rise despite increased use. Considering the anger retailers have on this issue, it might be time to visit Leonsis' Revolution Money web site to see the alternative he is trying to launch.)

Now when it comes to Facebook, don't just jump in blindly. For while the new realities of the new world mean powerful new choices, new opportunities and new avenues to pursue success, they do come with peril. The world of Facebook is also ready to evaluate you like never before. If you aren't authentic, they'll figure it out and blast it widely in no time.

But dive in you must, because just like the Baltimore Symphony, you have to get out there and build that new audience. It won't be easy, but nothing really good ever is.

See you on Facebook.

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Meijer Bulks Up Its E-Commerce Business

Meijer Inc. announced that it has begun offering grocery and dry goods in bulk on its website, saying that "the new Grocery By The Case program will feature more than 2,000 products available for purchase. Meijer estimates that shoppers will save at least five percent when buying items by the case as opposed to purchasing them individually."

Meijer said that "in addition to groceries, the program will include household and cleaning supplies, laundry products, pet food and hundreds of other items. On the grocery side, shoppers will find a wide assortment of products available, ranging from salsa and sports drinks to pasta and pancake mix. The product categories include baking; beverages; cereal and breakfast foods; condiments, salad dressings and sauces; pasta, grains and side dishes; snacks and candy; and soup and canned goods.

Meijer launched its e-commerce site just a year ago, but the last few months have featured a lot of activity in the segment. The company noted that "last month, Meijer began test-marketing a personal shopping program called Grocery Express that enables shoppers to order groceries online and have them personally delivered to their car at the local Meijer parking lot. In July the company launched Meijer Mealbox, a web-based widget that allows customers to plan a week's worth of meals in minutes by providing access to thousands of Meijer recipes, ingredients, coupons and special promotions."

The Double-Edged Sword Of Coping With A Down Economy

Interesting piece in the *Austin American-Statesman* about how companies like Whole Foods are coping with the economic downturn taking place in the US – offering coupons, stressing deals, and doing its best to shed its image as being almost prohibitively expensive. All of these efforts, according to financial analysts, are critical if Whole Foods – and other upscale retailers such as Starbucks – are to stay viable during a time when more and more people are cutting back on their expenses.

However, the *American-Statesman* writes, "marketing experts say companies such as Whole Foods and Starbucks should tread carefully lest they undermine their carefully built reputations for quality, consistency and a superior experience for customers, who have been willing to pay more for those benefits. 'They are in a tough spot,' said John Moore, a former Whole Foods marketing official who now runs an Austin consulting firm. 'If they go down this lower price path, when the economy turns stronger, they are going to have a hard time regaining the pricing power they once had'."



FMI Names Frozen Food Trade Association Exec As New CEO

Leslie G. Sarasin, president/CEO of the American Frozen Food Institute (AFFI), has been named as the next CEO of the Food Marketing Institute (FMI). Her selection was announced late Friday by a search committee appointed by FMI's board of directors.

Sarasin's appointment is scheduled to be ratified by the board when it meets later this month in Boston. She will officially succeed Tim Hammonds, the current CEO, in early November.

According to the information provided by FMI, in addition to her role at AFFI, Sarasin also serves as president of the National Yogurt Association, an association that AFFI manages, and has oversight responsibility for the National Frozen Pizza Institute, Frozen Potato Products Institute, International Frozen Food Association, Texas Mexico Frozen Food Council and Food Processing Environmental Conference. She joined AFFI in 1989.

Previously, she worked as director, government relations, and legal counsel with the National Food Brokers Association and as legal counsel and assistant to the president at Crest International Corporation. Early in her career, she worked for Salomon Brothers Investment Bankers and for Senator Wendell H. Ford.

In a prepared statement, FMI chairman Steven C. Smith, who also is president/CEO of K-VA-T Food Stores, said that Sarasin "is well connected with our industry and brings a wealth of experience to her new post, as well as a great deal of enthusiasm and excitement. I am confident that under her leadership, we will be able to move the association forward at a critical time for our industry."

FastNewsBeat

- The *Associated Press* reports that two former Duane Reade executives, Anthony Cuti and William Tennant, have been charged with securities fraud by the federal government. The US Securities and Exchange Commission (SEC) charges that the two men juggled the books at Duane Reade and "deceived the investing public by providing false and misleading information about Duane Reade's financial condition while lining their own pockets with millions of dollars in compensation."

According to the story, "The charges stem from December 2000 through June 2005, when Mr. Cuti was the company's chief executive, chairman and president. Mr. Tennant was chief financial officer and senior vice president."

The MNB Wal-Mart Watch

- *Business Week* reports that the US Environmental Protection Agency (EPA) has settled a dispute with Walmart over alleged violations of the Clean Air Act, which the EPA said Walmart violated by selling "Glow-in-the-Dark Looney String" that contained a banned ozone-depleting substance.

Walmart will pay \$199,000 in fines to settle the case.

The Balance Sheet

- BJ's Wholesale Club reported that its September sales were up 11.8 percent compared to the same month a year ago, on same-store sales that were up 10.4 percent. The company said that its food sales were up about 10 percent, which countered sales of general merchandise that were off three percent.

- Longs Drug Store reported that its September sales compared to the same month last year were flat at \$447 million, with same-store sales down 1.7 percent.





- Walmart said that its total September sales rose six percent to \$36.23 billion, with same-store sales up 2.4 percent for the period. The company said that it would have done better except for the hurricane-related closings of more than 300 stores during the month.

Just FYI...the *Financial Times* said that in an analysis of its stock performance that the company is ideally positioned for the tough economic times currently being experienced in the US and elsewhere, saying that "the shift in consumer attitudes comes at a time when a three year plan to improve performance is bearing fruit. Under Wal-Mart USA head Eduardo Castro-Wright, centralised control has been loosened. Marketing efforts now appear to match what is happening in-store. In a timely move, the group began to scale back openings last year to concentrate on raising returns ... Wal-Mart is music to panicked souls."

- Costco Wholesale said that its fourth quarter profit was up seven percent to \$397.8 million, from \$372.4 million during the same period a year earlier. Q4 revenue was up 13 percent, to \$23.1 billion, from \$20.48 billion, with same-store sales up nine percent.
- Target said that its September sales were down three percent to \$5.32 billion, with same-store sales for the period also off three percent.

Executive Suite

Family Dollar Stores announced that it has promoted Dorlisa K. Flur, its Senior Vice President – Strategy and Business Development, to be its new Executive Vice President – Strategy and Marketing.

- InBev SA has announced that when Anheuser Busch's shareholders approve the \$52 billion merger of the two companies, AmBev CEO Luiz Fernando Edmond will be put in charge of North American operations.

In addition, David A. Peacock, A-B's current vice president of marketing, will become president of Anheuser-Busch and will manage all U.S. operations of the combined company.