



-Week Ending 1/9/09-

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Thanks to MNB
for this selection of
articles.

CVS Points To Loyalty Card Success

CVS announced yesterday that its ExtraCare loyalty card holders earned more than \$1.8 billion in savings and rewards during 2008.

The press release regarding the savings read, in part, as follows:

"By using an ExtraCare card, CVS/pharmacy shoppers earn 'CVS/pharmacy dollars' called Extra Bucks on nearly all purchases. Some Extra Bucks offers are instant coupons that print when you purchase specially advertised products, and quarterly Extra Bucks rewards are issued to cardholders in January, April, July and October. All cardholders earn 2% back on non-prescription purchases and \$1 Extra Buck for every two prescriptions purchased. These rewards are issued to cardholders at the end of each quarter on the bottom of your receipt and by email to cardholders that have provided an email address at CVS.com ... Cardholders have until February 15 to receive their personal savings out of more than \$69 million in Extra Bucks currently being paid out to CVS/pharmacy shoppers. Extra Bucks rewards can be redeemed for up to 45 days following the date of print. With so many people looking for simple ways to save money, Extra Bucks make it easy to get everyday essentials, including health, beauty and household needs, without breaking the bank.

The release goes on:

"'Who couldn't use a few Extra Bucks?' asked John Barron, Director of Relationship Marketing at CVS/pharmacy. 'CVS/pharmacy shoppers have been using the ExtraCare program to save money year after year, and these everyday savings really add up. With more than \$69 million in Extra Bucks being given to cardholders this month, we are reminding all of our customers not to toss out their receipts without first checking the bottom, or they might be throwing away free money'."



Winn-Dixie Adjusts Course For Save Rite Discount Store

The *Jacksonville Business Journal* reports that Winn-Dixie has repriced virtually every one of the SKUs stocked by its Save Rite grocery store there, positioning the store as having prices equivalent to those at Walmart.

"After a year's worth of research that included purchase history data and customer surveys, and a two-and-a-half month \$700,000 remodeling project, the store's product choices were reduced from about 40,000," Senior Vice President Dan Portnoy tells the *Journal*. "But the products that remain are those most often purchased in that neighborhood, he said.

"The new pricing is divided into three different categories – warehouse prices for everyday staple items, locked-in prices for manufacturer deals that will last about four weeks and price drops for one-week sales that will most often be on meats and produce."

"This is the right store for the neighborhood with the right products at the right price," says Winn-Dixie CEO Peter Lynch. "We made it simpler to make it fresher and provide the consumer with what they want."

And, the *Journal* writes, "The pilot store, located just blocks away from Winn Dixie headquarters, is one of the Jacksonville-based company's three Save Rites in Jacksonville. Based on the results of the pilot program, Winn-Dixie executives could restructure prices at other Save Rites in certain neighborhoods and possibly some Winn-Dixie locations."

Wegmans Offers Free Generic Antibiotics

Newsday reports that Wegmans Food Markets is offering "free generic oral antibiotics to customers with prescriptions from their doctors," a program similar to one announced last week by Ahold USA for its Stop & Shop and Giant chains.

The program, which runs until the end of March, "covers up to a 14-day supply of nine different generic oral antibiotics, including amoxicillin, penicillin and tetracycline. There are no limits on the number of prescriptions that can be filled, and it includes both new prescriptions and refills. The only catch is that customers must use a Wegmans shoppers club card, which is also free."

Amazon Fresh Considers Expansion Options

Amazon Fresh, the component of the e-tailing icon that delivers fresh as well as packaged products to homes and businesses in the Seattle region, is polling area customers to find out where it should expand next...though it is only a matter of what Seattle zip codes will get the service.

On Amazon's website, it poses the following offer to shoppers:

"Between now and January 15th, cast your vote for which zip code we should deliver to next. Based on customer feedback, we're opening voting between 98199, 98117, 98107, and 98115. Results aren't real time, but we will post them almost daily. Only valid residential addresses will be tallied. The zip code that gets the majority of votes will be where our trucks will appear next. We expect to open the winning zipcode the week following the vote. All our new delivery areas will require an AmazonPrime membership to use the service."



Sansolo Speaks: Feeling Their Pain

by Michael Sansolo

The main reason I love the Internet is that I'm an information junkie. Just the idea that I have access to countless articles each day just jazzes me up. Lately, though, the news is so dismal that it's hard to read.

The news, after all, is awful on every front. And the reality is that changing our calendars or our president won't make problems go away easily. Instead, we need to start focusing on a simple agenda of progress.

An article Monday in *Advertising Age* took this on, listing resolutions for the advertising industry that focused - shock alert - on providing real value in tough times. Our industry has the same need...so let's start the New Year with a five-point plan.

1. *Don't downplay what's happening out there.* People are scared and they see no signs of improvement. For every economist saying that we've hit bottom and the recovery will start by July, there is another one who behaves like the fabled groundhog, seeing his shadow and predicting two more years of recession.

So, what can you do? Don't tell shoppers that you are there to help. *Show* them. It's more than running specials and acknowledging tough times, it's about providing strategies for the times. Consumer reporters everywhere are talking about how to stretch dollars by shopping specials and circulars. Be part of this conversation and guide the shopper.

2. *Help shoppers find the opportunity for savings by shining the light where they need to look.* The February *Consumer Reports* lists tips for a "downturn diet" that the retail food industry should be embracing like crazy. Gear recipe suggestions around some of these budget stretching and belly filling ideas, such as using more beans, frozen produce and bulk products. Help people return to comfort foods that help the budget, such as baked potatoes with dinner or peanut butter and jelly sandwiches for lunch.

3. *Emphasize value in all forms.* Quality still matters, as do service and guarantees of satisfaction. One reason no-name generics became such a punch line in the 1970s was the inconsistent quality of the product. Value means many things, but quality and consistency are always important. Don't forget it.

4. *Sweat the small stuff, especially where the shopper doesn't see it.* Finding improvements in supply chain issues always matters. Cutting inefficiency always matters. Well, now it matters more, especially as price deflation becomes a reality in some categories. Make sweating the small stuff a priority for your staff, your trading partners...everyone. It could pay off.

5. *Don't get near-sighted.* There are problems beyond the economy that still demand your attention and the back-burner is the wrong place for them. Like it or not, we still need to keep some focus on health and wellness, the environment and the future leadership crisis. Whether this downturn lasts six more months or two years, none of these problems are going away.

For example...The *Washington Post* had a scary article this weekend on the coming demographic crisis facing virtually every industrialized country on earth in the lack of a young population to take over leadership. That's a problem. More than 50% of Americans are now considered overweight and that's a problem too. And despite early snows in the Midwest, global climate change isn't turning around. In short, all of these problems still exist and all involve the food industry in different ways.

Just because the economy is a bigger current problem doesn't mean these others (and more) will go away. Michael Sansolo can be reached via email at msansolo@morningnewsbeat.com.



Safeway's Latest Steps In Health Care Re-engineering

Excellent piece in the *San Francisco Chronicle* entitled "Corporate Wellness, Safeway-Style," which looks at the newest steps taken by the food retailer as it re-engineers its employee health care programs, described as having the dual goal of cutting costs and creating a healthier workforce through a more prevention-driven approach that emphasizes employee responsibility.

The *Chronicle* writes, "Beyond routine health matters like flu shots, Pap smears and prostate checks, prevention is not the starting point for most employer-based insurance plans. Unlike setting a broken arm or taking out an inflamed appendix, the health benefits of making lifestyle changes are a lot like the dog that doesn't bark in the night. It's hard to measure the savings from crises that don't happen because people are getting into better physical shape ... Safeway's market-based approach for its nonunion administrative employees gives price breaks for practicing what the company preaches. The newest part of the plan, called Healthy Measures, just went into effect on Jan. 1. This program gives employees reductions in their insurance premiums if they are, and stay, within certain limits on four common medical risk factors - smoking, obesity, blood pressure and cholesterol.

"Rebates for making the grade on all four risk factors total nearly \$800 a year for an individual employee, plus a similar amount for the employee's spouse or partner. Tests were administered last summer for those employees participating in the rebate plan; tests for significant others will be phased in by 2010.

"People who tested within the limits got lower health premiums at the outset of this year, while those who missed one or more of the four goals can get a retroactive rebate if they improve sufficiently by the end of the year."

Ahold US Unveils Nutritional Labeling System

The *Wall Street Journal* reports that Ahold-owned Stop & Shop and Giant Food are introducing a new "Healthy Ideas" nutritional labeling system that is "designed to help customers find their stores' healthiest foods" and "will distinguish more than 3,000 of the stores' products and fresh produce with a bright green-and-blue symbol signifying they meet U.S. Department of Agriculture and other federal guidelines defining what makes a food healthy. That represents about 10% of the store's total inventory and includes items ranging from dairy products to pancake mix to frozen Brussels sprouts."

And, the *Journal* writes, "Products in the chains' 561 stores that carry the Healthy Ideas symbol have less fat or cholesterol than other products in their category and include at least one good nutrient source such as fiber, protein or calcium, Stop & Shop says. The company says Healthy Ideas wasn't created to help consumers lose weight or elevate one product over another, but rather to highlight the items that meet or exceed federal guidelines for healthy food.

The program is the latest nutrition labeling program to be introduced by US supermarkets.

- Delhaize-owned Hannaford Supermarkets, Food Lion and Sweetbay Supermarkets all are using a "Guiding Stars" program that gives qualifying products one, two or three stars depending on whether they are good, better or best for consumers.
- Hy-Vee and Price Chopper have both subscribed to the "NuVal" system, originally called ONQI, which rates every one of their products on a scale of 1-100, with 100 being healthiest



- In addition, as the *Journal* notes, "Food manufacturers, including Kraft Foods Inc., PepsiCo Inc. and Unilever PLC, are working with nutritionists on another program to add a 'Smart Choices' label to certain products in a program scheduled to launch this summer."

FastNewsBeat

- Seattle-based PCC Natural Markets said yesterday that it has sent letters to vendors and manufacturers of personal care products saying that from now on, the company will require that they be in compliance with ingredient criteria as defined by the Natural Products Association (NPA) Natural Standard.

According to the company, "The NPA Natural Standard defines the term 'natural' as it applies to ingredients in personal care products, including natural skin and hair care products. Although the natural personal care industry has grown significantly over recent years, use of the term 'natural' never has been subject to regulation or certification by any government or industry entity. Manufacturers have been able to claim that products containing potentially harmful synthetic or petroleum-derived ingredients are natural."

- The *Atlanta Business Chronicle* reports that Kroger is warning its 12,000 employees in Georgia that "rising health-care and pension costs could be sticky issues" in upcoming labor negotiations.
- Weis Markets announced it has lowered prices on thousands of so-called "staple items" effective January 2 and that it has implemented a 90-day price freeze on these items – which include both branded and private label items - through April 1, 2009.
- In the UK, the *Telegraph* reports that Tesco and Walmart's Asda Group are engaging in yet another skirmish in their long-term price war, with both companies lowering prices in a broad range of items during a time of economic crisis. Tesco reportedly has lowered prices on 3,000 "staple" items as a response to Asda lowering prices on 1,000 SKUs.

The MNB Wal-Mart Watch

- *Business Week* reports that "Wal-Mart Stores Inc. has agreed to a \$637,000 fine to settle allegations that it violated drug record keeping regulations at its pharmacies in south Texas ... Wal-Mart spokeswoman Daphne Moore said the settlement was limited to discrepancies between records and inventory involving a small number of pharmacies in Texas. The company has more than 4,000 pharmacies in its U.S. stores."



The Balance Sheet

- In an announcement that surprised many retail experts, Walmart said yesterday that its December same-store sales were up just 1.7 percent, despite the fact that expectations were that Walmart would have a relatively strong month because of cash-strapped consumers looking for bargains and discounts.

Wal-Mart said that December same-store sales rose 1.9 percent at its namesake stores and only 0.1 percent at its Sam's Club units.

- Target Corp. reports that its December sales rose 0.2% to \$9.3 billion, on same-store sales that were down 4.1 percent. The same-store sales number was not good, but not as bad as was expected by analysts, who believed it would be more than twice that.

- The Great Atlantic & Pacific Tea Co. (A&P) reported a third quarter loss of \$13.6 million, compared to a \$57.3 million profit during the same period a year ago. (The year-ago profit numbers included the sale of its Metro chain of stores.) Q3 sales were up 70 percent to \$2.12 billion, from \$1.25 billion in the prior year, on same-store sales that were up 1.9 percent for A&P stores and down 0.5 percent for Pathmark supermarkets.

- PriceSmart, which operates membership club stores in the Caribbean and Central America, announced that its first quarter sales increased 21.8 percent to \$298.5 million from \$245.2 million in the first quarter of fiscal year 2008. Total revenue for the first quarter was \$305.2 million compared to \$250.4 million in the prior year. Same-store sales were up 14.1 percent.

Net income was \$10.7 million in the first quarter of fiscal 2009 compared to \$6.7 million in the first quarter of fiscal 2008.

- Costco reports that its December sales were down two percent to \$7.4 billion, on same-store sales that were off four percent.

- Family Dollar Stores reports that its first quarter profit rose to \$59.3 million, from \$51.9 million a year earlier. Q1 sales rose more than four percent to \$1.75 billion, on same-store sales that were up 2.1 percent.

- Wal-Mart de Mexico, commonly known as Walmex, said yesterday that its 2008 sales were up 11 percent to the equivalent of \$17.7 billion, on same-store sales that were up 4.6 percent.



Executive Suite

- Steve Junqueiro, the COO of Save Mart Supermarkets, has been given the additional title of president of the company by chairman/CEO Bob Piccinini.

Junqueiro is a 35-year employee of the company who started out as a produce clerk.

- Unified Grocers announced that Christine Neal has been named the company's Senior Vice President of Finance and Treasurer. Neal, who previously worked for both Gelson's and the California Restaurant Association, has served as Treasurer at unified since joining the company in 2003.

- Santa Fe Springs, California-based Superior Grocers announced the following senior management changes:

Phil Lawrence, senior vice president of operations, has been promoted to Chief Operating Officer.

Eddie Whalen, executive director of Warehouse and Transportation, has been promoted to Vice President, Distribution.

Eunice Min, executive director of Human Resources, has been promoted to Vice President, Human Resources.

Will Macias, executive director of Meat & Seafood, has been promoted to Vice President, Meat, Seafood and Bakery Divisions.

Brad Maehara, director of Grocery & Liquor, has been promoted to Executive Director, Grocery, Liquor & General Merchandise Divisions.

Tedd McCowan, director of MIS, has been promoted to Executive Director, Information Technology.

- Weis Markets announced that David J. Hepfinger, the company's president/COO, has been promoted to the position of CEO, succeeding the retiring Norman S. Rich.