

- Retail Industry News from IRI for Week Ending 11/2/07-

Below is the list of articles you will find for the week ending 11/2/07 edition of Retail Industry News.

- ▶ **Online Shopping: Trick Or Treat?**
- ▶ **Is Wal-Mart Considering A Leap Into The E-Grocery Arena?**
- ▶ **Sansolo Speaks: The Upside Of Relentless Curiosity**
- ▶ **Costco Plans 2008 Expansion Parameters**
- ▶ **Stop & Shop And Giant Lauded For Energy Efforts**
- ▶ **FastNewsBeat**
- ▶ **The MNB Wal-Mart Watch**
- ▶ **The Balance Sheet**
- ▶ **Executive Suite**



Thanks to MNB
for this selection of
articles.

Online Shopping: Trick Or Treat?

There is a wonderful column in the *Wall Street Journal* by Jason Fry in which he considers how e-commerce in general – and Amazon.com specifically – has changed his life...slowly, surely, at first imperceptibly, and finally, irrevocably.

“Over the last couple of years I’ve come to consider Amazon a PX of sorts -- it’s the default place I buy books, electronics, tech gear and housewares,” Fry writes, adding, “I suspect Amazon’s increasing presence in my household is a microcosm of its rise in general. Amazon’s beachhead was books, which my wife Emily and I buy too many of -- and there, it won us over by being cheaper than our local bookstores, letting us shop at our leisure and delivering reliably. From that starting point, we’ve slowly but surely followed Amazon’s lead into other areas. Its third-party sales and Marketplace program helped -- I now buy the vast majority of my used books from Amazon-affiliated sellers, though some of those sales replace new books I might have bought from Amazon itself. My decision more than a year ago to get Amazon Prime (in which two-day shipping is free) has proved self-justifying, encouraging me to recoup Prime’s \$79-a-year cost by turning to Amazon for more and more things. Finally, I started using Amazon’s wish list as a way to note books I read about and find interesting for myself or our four-year-old son -- instead of forgetting, I can use my wish list to spot a paperback release, a good deal on a used copy, or indulge my own whim.

“That said, it’s faintly embarrassing to think I turn to one retailer for so many different things -- amid the digital age and all its wonders, I sometimes feel more like a prairie settler who buys everything from the general store than the shopper I was before e-commerce, when bookstores and music shops were a regular part of my rounds.”

Fry found that over the past year, he spent close to \$2,000 on Amazon.com – and then, to his utter amazement, discovered that his family spent more than 10 times that on e-commerce in general.

“My first reaction was unprintable,” Fry writes. “Clearly our credit cards should be taken away and we should be locked up for our own protection, lest we wind up in debtor’s prison. But when I started looking deeper, I decided the situation wasn’t quite so dire, and realized that my family’s online-shopping habits had changed without my noticing.”

Fry writes that he simply “hadn’t realized just how much of our spending has shifted to the Internet -- and how, inevitably, that’s made e-commerce so mundane that I’d underestimated how much we buy online. I now rarely

go to bookstores, shop for CDs in actual stores or scour real-world haunts for collectibles. But I also don't go to the grocery store, the travel agent, or the ticket window at Shea Stadium. (And perhaps one of these days I'll get it through my skull that someone who dresses almost exclusively from the Gap/Old Navy/Banana Republic axis can buy clothes online, too.)

"Instead of going out to buy what we need, my wife and I increasingly bring retailers to us by firing up our browsers whenever parenthood and our jobs leave us with a couple of spare minutes. That no longer seems extraordinary -- and that might be the most extraordinary thing of all."

Is Wal-Mart Considering A Leap Into The E-Grocery Arena?

- *AHN Media* has a story suggesting that "Wal-Mart is contemplating jumping into the largely unsuccessful business model of online grocery shopping, according to sources. Analysts close to the deal say the retailer is on the cusp of trying to form a strategy to deliver grocery products to customers in the markets it serves in the United States ... the retailer has the locations and the selection to serve almost every populous area of the U.S. -- all it needs is a strategy and a delivery fleet. However the company has tried parcel delivery of food products. If plans are moving forward it would likely differ from others by offering same-day or next-day delivery that could feature a majority of pre-packaged and fresh food from a local Wal-Mart location."

Sansolo Speaks: The Upside Of Relentless Curiosity

by Michael Sansolo

If curiosity killed the cat, one has to wonder what *ix*curiosity killed. I'm guessing it was a lot bigger than a cat.

Living as we do in a complex and multi-faceted world, it's almost exhausting to be relentlessly curious. There is simply too much to keep track of, too many trends to run down and too much information about simply everything. And then again, we have to be curious because the questions of this complex world could always hold interesting ideas for all of us.

For instance, what is it that makes NASCAR fans so enthusiastic about watching cars relentlessly chase each other while turning left? Clearly, the experience has been taken to a level that creates a bond between the fan and the driver's team that borders on fanatical.

Likewise, what drives the fanatical devotion to Starbucks coffee? Even if the water and coffee beans are somehow magical enough to justify those prices (which I know they aren't) explain to me what is it about a coffee shop that has somehow made it *the place* to find out about new music? What's going on with the experience there that creates a bond that might also be described as fanatical.

Yet, some of these areas of fanatical devotion actually make some sense to me. For instance, I never quite got the near religious zealotry of Apple computer users until I started visiting the store in a nearby mall. The passionate belief and knowledge in their products hasn't converted me to fanaticism, but my newest computer is an Apple. And I'm amazingly happy with it.

Likewise, I think I understand Webkinz, though lacking a really small child in my house I probably don't. I didn't think much about Webkinz until a recent *Wall Street Journal* article on virtual communities explained how a site geared to interactive toys for tots is completely clobbering such well-funded competitors as Second Life.

Worse yet, to get my information about Webkinz I found myself visiting Wikipedia yet again. Yes, I know Wikipedia isn't perfect, but if there is an easier and quicker source for information on everything anywhere, I don't know what it is. How did that happen?

What does all of this have to do with retail: In short, nothing and everything. Nothing because everyone is busy and who has time to investigate all these new trends hot topics. Then again, it matters to everyone because these new trends and ideas are exactly what shoppers are seeing each and every day. These trends and ideas are changing the way they think, the way they live and certainly the way they shop and that might matter a lot down the road.

It's easy to be curious about Tesco or Wal-Mart or Amazon or any other organization that is or might become a direct competitor.

It's a lot harder to try to think of something to be learned about Tila Tequila, a young woman who somehow is famous enough to have nearly two million friends on MySpace.com, articles in the *New York Times* and *Time*, and a hit show on MTV. (I honestly think I felt my IQ slip a few points when I watched three minutes of that show recently.) Does her use of self-promotion through emerging media have any lesson for us at all, especially as we try to reach Generation Y, where Tila is apparently doing quite well?

I don't really know, but I'm curious.

Costco Plans 2008 Expansion Parameters

Costco, the number one membership warehouse club in the US, announced that it plans to open between 38 and 42 new stores during 2008, including 8-10 relocations. These openings are in addition to the six US stores that should be opened by the end of the year. The company is expected to spend between \$1.6 billion and \$1.8 billion (US) on these expansion efforts.

The company also said that the UK and Asia are key to its international plans, but specific plans for those markets have not been announced, nor have there been plans announced for Australia, a much-speculated about possible market for Costco.

Stop & Shop And Giant Lauded For Energy Efforts

Ahold-owned Stop & Shop and Giant of Landover have been named ENERGY STAR Leaders by the U.S. Environmental Protection Agency for what is called "the superior energy performance of their supermarkets. With more than 575 stores covering more than 33 million square feet, stores in the Stop & Shop/Giant Food portfolio use about 40 percent less energy than average supermarkets. Stop & Shop/Giant Food is one of only a few supermarket chains across the country to achieve recognition by EPA as an ENERGY STAR Leader."

FastNewsBeat

- The *Tampa Bay Business Journal* reports that Publix Super Markets will pilot its new Apron's Make Ahead Meals program at a Jacksonville store, and also will open a stand-alone version of the program in Lithia, Florida, sometime next year.

The program, as described by the *Journal*, "will provide customers with all the ingredients and the recipes they need during a two-hour meal assembly session to prepare up to 12 meals at one time.

"Each month 14 different meal selections with four each will be available, starting with the selections that include buffalo chicken burritos, citrus stuffed chicken rolls, French toast casserole with apples and Mediterranean shrimp and orzo. Meal packages are available in six for \$120, eight for \$145 or 12 for \$200.

"Publix is also offering the Apron's Make-Ahead Meals To Go program. With this option, customers can purchase preassembled meals for an additional fee on the company's Web site."

The MNB Wal-Mart Watch

- The *Associated Press* this morning reports that the US Consumer Product Safety Commission is disputing Wal-Mart's allegation that toy animals it pulled from its shelves earlier this month contained too-high levels of lead.

Wal-Mart did its own tests before pulling the items, and then provided the results to the government, which now says that the leads levels were not at unsafe levels.

Wal-Mart is not commenting on the discrepancy, but did note that while other retailers may sell the animals, they will remain off Wal-Mart's shelves.

- The *Wall Street Journal* this morning reports that Wal-Mart "is seeking to block public access to certain court documents in a tax dispute with North Carolina state authorities."

The move comes a week after the *WSJ* had a page one story detailing Wal-Mart various strategies aimed at reducing its state tax exposure.

The Balance Sheet

- Harris Teeter announced that its fiscal 2007 sales increased by 12.9 percent to \$3.30 billion from \$2.92 billion in fiscal 2006. Sales for the fourth quarter of fiscal 2007 were \$861.1 million, an increase of 14.7 percent from the \$750.9 million in the fourth quarter of fiscal 2006. Same-store sales were up 4.87 percent for the year and 5.91 percent for the fourth quarter.

- Longs Drug Stores said that its October sales were \$351 million, up 2.3 percent from \$343 million a year ago. Same-store sales were up 0.2 percent.

- Rite Aid said that its October sales grew 51 percent to \$1.99 billion from \$1.32 billion in the same period last year. Same-store sales were up 0.4 percent.

- Winn-Dixie posted a fiscal first-quarter loss of \$790,000, or 1 cent a share, which *MarketWatch* reported "was much better than anticipated. Analysts polled by Thomson Financial had targeted a loss of 23 cents a share. Winn-Dixie, which emerged from bankruptcy in November 2006, said its predecessor company lost \$24.6 million, or 17 cents a share, in the year-ago period."

Q1 sales rose to \$1.62 billion from \$1.61 billion, with same-store sales up 0.2 percent.

Executive Suite

- Bi-Lo announced that Steve Mayer, the company's as vice president of produce/floral marketing, has been promoted to the position of group vice president for perishables.

John Gianakas, Bi-Lo's vice president of category management support, has been named vice president of brand marketing and sales planning.

And Rob Mould, Bi-Lo's senior director for non-perishables, has been promoted to the newly created position of vice president of Center Store category management.