



-Week Ending 11/6/09-

Below is the list of articles you will find for the week ending 11/6/09 edition of Retail Industry News.

- ▶ **Tesco's US Reboot Extends To Fresh & Easy Website**
- ▶ **CPG Innovation: Going In Two Different Directions**
- ▶ **Sansolo Speaks: "The Power of Fun"**
- ▶ **Family Dollar At 50: "We Still Have The Same Basic Principles"**
- ▶ **7-Eleven To Offer Different Kind Of Big Gulp**
- ▶ **FastNewsBeat**
- ▶ **The MNB Wal-Mart Watch**
- ▶ **The Balance Sheet**
- ▶ **Executive Suite**



**Thanks to MNB
for this selection of
articles.**

Tesco's US Reboot Extends To Fresh & Easy Website

Retail Week reports that even as Tesco's US division revamps its stores to make them more appealing and easier to understand by American shoppers, and breaks a new advertising campaign designed to reintroduce the concept to consumers, it also is overhauling its website to reflect a singular message - Fresh & Easy keeps things simple to save people money.

According to the report, "The site displays messages mocking its US rivals such as Walmart and Whole Foods. Slogans include 'Wholesome food, not whole paycheck' and 'Big box discounts without the big box' . . . The site enables more interactivity with customers through a 'Your thoughts' section and a 'Customer favourites' button to highlight popular products. It has also launched \$25 and \$50 gift cards in time for the festive season and made the site available in Spanish because many of its customers are Spanish speaking."

CPG Innovation: Going In Two Different Directions

BrandWeek has an interview with Walgreen's chief innovation officer Colin Watts, in which he evaluates the current state of CPG product innovation. An excerpt:

"What I see among the big, major consumer packaged goods companies is marketers know that no matter what the economy is like, their success is predicated on coming forward with new innovation year after year. And the entrepreneurial start-ups also know that frankly, [hard] economic times or not, if they have an idea or innovation, they need to market it and they are looking at this situation as basically, even though it'll be a bit more challenging for some of the products that are premium-priced, they recognize there's an opportunity to actually push their innovation in the marketplace itself.

"I do think more than ever, we at Walgreens are seeing people being very careful and watching what their price points are. There used to be a tradition that if I introduced something new, I would always ask for a bigger premium from the consumer for it. What you're seeing now is innovation that goes in the other direction: I'm actually trying to find a way to reduce that opening price point. I'm trying to make this something that is more value-oriented for the consumer because it's very difficult in today's environment to introduce a brand new product that is meeting an unproven need and price it really high and expect people to jump on it."



Sansolo Speaks: "The Power of Fun"

Sansolo Speaks: "The Power of Fun"
by Michael Sansolo

It's a serious world out there. We get the reminders every day in the news, at work and many times even at home. So let's honestly ask for one second whether, as Mary Poppins once said, an element of fun can make any job a game.

Because, if we think Mary had a point (and didn't she always), we should be looking for ways to make everyday tasks more interesting and lighthearted. And why couldn't that include both cooking and shopping?

The answer may have come from Sweden in the form of a great video easily found on YouTube.

In the video, part of a project sponsored by Volkswagen, the entrance to a subway station in Stockholm is given a unique transformation. The station features a pair of escalators (up and down of course) and a staircase between them. Nothing special there...right?

Except Volkswagen paid to have the stairs transformed into a huge working piano. The stairs became black and white key and, incredibly, when stepped on they played notes. Then the cameras rolled.

At first, commuters didn't know what to make of the change. But as they tried the piano steps, they were instantly transported. Suddenly the simple process of heading in or out of the subway station took on a new element—fun. And the customers reacted. In excess of 65 percent more people started taking the stairs, an enormous jump from the earlier pattern, because the stairs were now more fun.

Suddenly a hum-drum, everyday experience was altered and people reacted. The escalators was still easier, but the stairs were now fun. The question: could we do the same?

There are food stores out there that drench themselves in fun. For years, I was lucky to shop at Stew Leonard's in Connecticut, which may be the high palace of supermarket fun. To be honest, Stew's was inconvenient for me and my wife for many reasons. We had a lengthy drive to get there and because of the limited number of products, we always had to use a second store almost weekly.

But we made the trip for two reasons. First, we loved the fresh products at Stew's and secondly, shopping there was fun. Unlike other stores, our then small children behaved wonderfully at Stew's because it was an adventure filled with songs, performances and costumed characters. It's an experience other retailers have struggled to repeat.

While most stores can't be Stew Leonard's, nearly all can build an atmosphere of fun. After all, food is fun and cooking as we've learned from every celebrity chef can offer it's own fun and rewards. But customers aren't going to see that unless we lead them there. They are trudging through a serious world, with serious problems and serious constraints. Unless we interrupt that world, like the piano steps did, fun stays on the sidelines.

The question isn't *can it be done?* The question should be *why couldn't it be done?*

There are retailers who build fun with recipes and the endless celebration of food. Others do it with samples and demos. Some even turn technology into fun by enabling scanners (self and otherwise) with interesting noises that make cash registers with sounds from old time money changing to Star Wars weapons.

It's so easy to argue against a point like this and there are so many reasons to argue that an element of fun won't make shopping, cooking or clean up any easier. But then again, if fun can make people get walking up the stairs in Sweden, maybe the unexpected can do similar things in your stores and companies.

You won't know unless you try.

Michael Sansolo can be reached via email at msansolo@morningnewsbeat.com.



Family Dollar At 50: "We Still Have The Same Basic Principles"

The *Charlotte Observer* reports that Family Dollar is celebrating its 50th anniversary, having "grown to 6,700 stores in 44 states, selling low-priced food, household goods and clothing in neighborhood locations. That's helped it flourish in a value-conscious economy that has socked a range of other retailers and left Family Dollar's core low- and middle-income customers struggling." The paper features an interview with CEO Howard Levine, whose father founded the company in 1959. Some excerpts:

On the economy: "There was a lot of people living beyond their means. I think that's changed. People are going to be more thoughtful and conservative about the way they spend their money every day. How or when it stops, and how long it goes, I don't know, but ... until that equilibrium gets back to where people are comfortable, I don't think you start seeing a lot of real ramp-up in the economy. My view is, we're still bouncing on the bottom."

On competing with Walmart: "We obviously wouldn't entertain getting in a pricing war with Wal-Mart. I'm pretty sure we would lose. All of our customers shop Wal-Mart, so we've had to compete with price, but more than just price. We have smaller stores located in the neighborhoods where our customers live and don't charge a pricing premium for that. We've had to have a way of managing our business so we don't get caught up in everything they're doing."

"Fortunately...(dollar stores) have carved out this niche of value and convenience, and it hasn't impacted Wal-Mart in a negative way. Everybody who picks a fight with Wal-Mart loses. Just tick down the list - most recently Circuit City, to all the regional discounters, to Sears and Kmart, probably, in the near future."

On the company's positioning: "Our year that just ended was a big year. It wasn't our biggest year ever, but it was so much better than what everybody else was doing, and that gave us a lot of visibility. We have grown in terms of the management talent and technology we've brought in. We're not the most sophisticated company out there, but we're still growing, and I think people appreciate that more than ever."

"We still have the same basic principles. We want to treat people fairly; we want to give people a career; we want to give people the opportunity to make money ... We're working hard on continuing to build upon that."

7-Eleven To Offer Different Kind Of Big Gulp

7-Eleven announced yesterday that it is teaming with Seven-Eleven Japan to sell a new private brand wine called Yosemite Road, that will be a Chardonnay and a Cabernet Sauvignon.

According to the announcement, "Available in the companies' collective 15,000 convenience, department and grocery stores, the introduction of the two California wines is the culmination of a collaborative, global merchandising effort for the world's largest convenience retailer. The same-day launch marks the first global product designed and developed exclusively for Seven & i stores. Taking their experience and knowledge of product development to a new level, the companies' international plan reduces provides a very reasonable sales tag for the consumer. Suggested retail price for a standard 750 milliliter bottle is \$3.99 in the U.S. (\$4.99 in Florida because of state taxes) and 598 yen in Japan."

"The development and production of Yosemite Road wines was a global team effort and is just the beginning," said Kevin Elliott, 7-Eleven senior vice president of merchandising and logistics. "By using our collective purchasing power to negotiate product exclusivity and pricing, we can meet customer demand for quality and value, as well as differentiate our brand from the competition."

FastNewsBeat

- *BizTimes.com* reports that "Milwaukee-based Roundy's Supermarkets Inc. has entered into an agreement with Aurora Health Care to purchase all Aurora-operated pharmacies located inside (its) Pick 'n Save and Copps stores in Wisconsin." Terms of the deal, which is expected to close before the end of the year, were not disclosed.



- The *Deseret News* reports that Associated Foods has completed its acquisition of 34 Albertsons stores in Utah from Supervalu. The units are being rebranded as Fresh Market stores, and customers who bring in their old Albertsons loyalty cards will be rewarded with a free five-pound bag of sugar.

Terms of the deal have not been disclosed.

- *Bloomberg* reports that Peet's Coffee & Tea will acquire Diedrich Coffee for about \$213 million in cash and stock. The goal of the acquisition is to allow Peet's, which has almost 200 retail locations around the country, to expand its wholesale business...especially in the supermarket sector.

The MNB Wal-Mart Watch

- Walmart is continuing its price slashing ways, announcing that it will sell 12-pound Thanksgiving turkeys for 40 cents a pound, or about one-third of the average price charged last year for holiday turkeys.

The Balance Sheet

- Publix said yesterday that its third quarter sales were \$5.83 billion, up 0.6 percent from the \$5.8 billion that it generated during the same period a year ago, on same-store sales that were down 4.7 percent. Q3 profits were \$254.9 million, up 26.3 percent from \$201.8 million a year ago.
- Clorox reports that its first quarter earnings were up 23 percent to \$157 million, pumped up largely by concerns about the H1N1 virus and sales of disinfectant wipes. Q1 sales were down less than one percent to \$1.37 billion.
- Whole Foods said that its fourth quarter profit was \$36.4 million, up from \$1.5 million during the same period a year ago, when there were a "host of charges" that depressed earnings. Q4 sales were up 2.3 percent to \$1.83 billion, on same-store sales that were down 0.9 percent.
- Belgium-based Delhaize, which generates more than half of its revenue in the US, yesterday said that its third quarter earnings before interest and tax (EBIT) rose 5.7 percent to \$336 million (US). Total sales were \$7.3 billion (US), up 4.8 percent compared to a year earlier. Same-store sales in Belgium were up 4.6 percent, while in the US they were down 1.3 percent.
- Costco said that its October sales were 5.68 billion, up seven percent compared to same period a year ago. same-store sales were up five percent.
- Dollar Tree said that its third quarter sales were \$1.25 billion, compared to \$1.11 billion during the same period a year ago. Same store sales were up 6.5 percent.
- Starbucks posted fourth quarter earnings of \$150 million, up from \$5.4 million during the same period a year ago. Sales were down 3.7 percent to \$2.42 billion, on same-store sales that were off one percent.

Executive Suite

- Food products manufacturer Michael Foods Inc. said yesterday that it has hired James Dwyer Jr., the former executive vice president of private brands and e-commerce at Ahold USA, to be its new president/CEO.
- The *Business Courier of Cincinnati* reports on the announced retirement of Steve Kaczynski, who has served as the head of Bigg's since 2006, has announced his retirement. He will be succeeded by Jimmy Nichols, vice president of merchandising at the 11-store chain.

Supervalu, which owns the Bigg's chain, said that Kaczynski will pursue other interests.

- CVS Caremark named David Denton, its chief accounting officer, to be its new CFO, succeeding David Rickard, who is retiring at the end of the year.