



-Week Ending 12/5/08-

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Thanks to MNB
for this selection of
articles.

Safeway Lays Out Plans, Goals For 2009

Business Week reports that Safeway has informed analysts and investors that "it will aggressively cut costs, lower prices and focus on improving its financial position in 2009 ... Safeway leaders said the focus on value, such a heavy emphasis on its store brands and strategic promotions, is essential for success as consumers limit spending amid tough times.

"The company plans to dial back capital investments, which have been heavy in recent years as it updated many of its stores. Company leaders said that within the year they also will take other measures to reduce costs such as controlling spending on energy through strategic arrangements."

CEO Steve Burd told an annual investor meeting yesterday, "We are a very strong player in a very weak economy, and we think that creates a very strong opportunity to take (market share)."

Recession Woes Give Luster To Coupon Business

The *New York Times* reports this morning that "the faltering economy could mean renewed interest in coupons as shoppers refocus on the cost of the products they buy — that is, if they do actually buy anything these days.

"Coupons that offer cents off — or percents off — the price of things like groceries, clothing and restaurant meals are particularly popular when consumers need to stretch their dollars. So word that a recession began last December could bring an increase in the number of coupons offered by marketers, as well as redemption rates by consumers."

However, it isn't just the old-fashioned coupon delivery systems that are driving the likely increase. The *Times* reports that "new technologies are also helping to renew interest in coupons, especially for younger consumers. There are scores of Web sites where coupons can be obtained by clicking rather than clipping; among them are coupons.com, couponcabin.com, couponcode.com, couponmom.com, 8coupons.com, fatwallet.com and shortcuts.com. Many also deliver coupons by e-mail messages. And coupons are increasingly available on cell phones and other mobile devices from companies like Cellfire and Outalot. Among the marketers offering mobile coupons are Arby's, Caribou Coffee and GameStop.

"An advantage of coupons delivered through new technologies is that they can be customized and personalized, which could help make them more effective and efficient for the sponsors."





MNB's Tales Of Tesco

- Tesco's US division, Fresh & Easy Neighborhood Markets, announced that it has opened its first two stores in Bakersfield, California, and identified four other locations it plans to open in the city. Three Fresh & Easy stores already had been announced for the Kern County region, which will give Tesco a fleet of nine there...though no dates were given for when all the units will be open.

Meijer Launches New Bonus Program

Meijer Inc. announced yesterday that it is "rewarding holiday shoppers with a bonus of up to 20% off their grocery purchases when they buy general merchandise items within Meijer stores."

The program launched Sunday, November 30 at all 185 Meijer stores throughout the Midwest.

According to the announcement, "The 'Meijer Bonus' program provides holiday shoppers with a coupon for 5% off their next grocery purchase for every \$100 spent on general merchandise or apparel items. Up to four coupons can be acquired each shopping trip, and customers can 'stack' up to four coupons for a 20% maximum savings on their next grocery purchase. The 'Meijer Bonus' program runs through December 24. All grocery coupons must be redeemed by December 31, 2008."

Sansolo Speaks: Heroes

by Michael Sansolo

In a sharp departure, today's column comes without any metaphors, sarcasm or irony. This week, it's all about greatness in various forms that we forget to see every day.

Since I live just outside of Washington, DC, I take for granted that my daily travels take me through places that countless tourists come to visit each year. More correctly, I forget to look. But this past weekend I shed my local blinders and entered the newly re-opened National Museum of American History. Some exhibits demand I write about them.

The first has always been the centerpiece of the museum, but is now redone magnificently. It is the original flag that flew over Fort McHenry in Baltimore in 1814 during a 25-hour naval bombardment. It was the sight of that flag at dawn that inspired a local lawyer, Francis Scott Key, to write a poem we know as the Star-Spangled Banner. (Although I did not know until this weekend that the poem only became the National Anthem in 1931. Somehow, I thought it was much earlier than that.)

The flag used to hang in the entrance hall of the museum in poor condition and with little drama. In fact, it became a more interesting exhibit when it was taken down and moved to a space age clean room where workers suspended on horizontal gantries work to meticulous clean and refurbish the flag.

In a clear example of building interest in something old, the flag is now housed in an incredible hall. There you are reminded of the strange path the flag took through history; how pieces of it were cut off in the 1800s as souvenirs and it was owned by a Baltimore family that stitched an initial into it. But you also learn about the fragile state of the young republic and why the battle of Baltimore was so incredibly important.

(There is even a relevant business lesson here - that if you want to build new interest in something old, one way to do so is by positioning and explaining it differently.)

Down the hall from the banner you see a time of even greater peril and when - to my mind - even greater words were written. There, on temporary exhibit, is Abraham Lincoln's handwritten copy of the Gettysburg Address, with prose so insightful and moving that it resonates more than 150 years later.



But not all heroes are as famous as Key and Lincoln and not all settings are as memorable as a battlefield. Sitting between the exhibits is a replica of a 1960s era lunch counter, where a group of black students, moved to action by the start of the civil rights movement, staged a memorable sit-in.

However, my personal favorite moment on this visit through history came a few blocks away at the World War II memorial. Despite my proximity to these sites and my parents' regular visits to our house, I realized I had never taken them to see a memorial to their own generation. It's an oversight I'm glad I corrected in time.

At the memorial, I heard my parents' stories of that time. Of my mother's cousin who spent his 21st birthday in a foxhole on Normandy Beach during the D-Day assault, wondering if he would ever see his 22nd birthday. (He did and I wonder how that story resonated with my 21-year-old daughter.) I heard my father tell of friends, such as the one who was among the first to set foot on Iwo Jima and survived to tell. Or the one who was a sailor on the US Indianapolis, the famed ship that delivered the atomic bomb and then sunk, only to have its crew set upon by sharks while they waited for rescue.

I got to see my father, now in his 80s, stand by the monument to Pacific Theater battles and look down at the etching in the marble for Okinawa, the first battle in which he was involved. I got to see my mother read the inscription honoring the war at home, in which every family and every child was brought into the war effort through saving, rationing and some form of sacrifice.

As we left, I looked out of at the city of Washington, thinking about the troubles we currently have. And I thought about the lawyer on the ship, the President at the battlefield, the students at the lunch counter, my mom's WWII victory garden and my 18-year-old dad sailing back and forth across the Pacific - and I thought that maybe we have it in us to get through.

Maybe we just have to open our eyes a little more often.

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FastNewsBeat

- Supervalu announced yesterday that its board of directors has voted to declassify itself. As a result of this action, the company said, "beginning with the 2009 Annual Meeting of Stockholders, directors will be elected annually for terms expiring at the next annual meeting of stockholders. Directors whose term expires at the 2010 Annual Meeting of Stockholders or the 2011 Annual Meeting of Stockholders will continue to hold office until the end of the term for which they were elected. From and after the 2011 Annual Meeting of Stockholders, all directors will stand for election annually."

"The board and management are committed to the highest standard of corporate governance at Supervalu," said Jeff Noddle, the company's chairman/CEO.

- *USA Today* reports on the 2008 America's Health Rankings study, which says that while "the nation's health improved by 18% from 1990 to 2000," the past four years have not been so good, marked by "ballooning waistlines, addiction to tobacco and mounting rates of chronic diseases threaten the gains."

- The *Wall Street Journal* reports that "bankruptcy and turnaround experts expect early 2009 to bring a large number of bankruptcy filings by retailers, following what some retail analysts expect could be the weakest holiday season since 1980.

"Already this year, retailers including Value City Department Stores, casual-apparel chain Steve & Barry's, Linens 'n Things and Circuit City have filed for bankruptcy protection and begun closing some or all of their stores."

The story also notes that "the most highly leveraged retailers with debt maturities in late 2008 or 2009 include Nordstrom Inc., Kroger Co., Macy's Inc., Target Corp. and Supervalu Inc., Citigroup analyst Deborah Weinswig said in a research note Friday.





"Companies needing access to debt markets 'will likely be at risk for higher rates, and could possibly risk the ability to access the credit markets given tighter credit conditions,' Ms. Weinswig said. 'However, based on our analysis, this is not a major concern for most broadlines/food & drug/home improvement retailers'."

The MNB Wal-Mart Watch

- The *Sacramento Business Journal* reports that a new study says that Walmart's big box supercenters in California "benefit communities by growing new tax revenue of both new Wal-Mart Supercenters and other retailers, and by spurring other retailers to open new stores." The study may have trouble being accepted in some quarters, however...since it was commissioned and paid for by Walmart.

The Balance Sheet

- BJ's Wholesale Club said that its November sales increased 5.2 percent to \$783.2 million from \$744.4 million in the same month last year, on same-store sales that were up 4.1 percent.

Year-to-date, BJ's said its totaled sales were up 13.7 percent to \$8.08 billion, while same-store sales grew 11.4 percent.

- Target Corp. said that its November sales were down 6.1 percent to \$5.6 billion, on same-store sales that were down 10.4 percent.

- Drugstore chain Rite Aid reports that its November sales dropped two percent to \$2.48 billion, on same-store sales that were essentially flat. Q3 sales were down 9.9 percent to \$6.44 billion, on same-store sales that were up 1.4 percent.

- Walmart reported that its total company November sales were up 1.6 percent to \$32.2 billion, from \$31.7 billion during the same period a year ago. Walmart's US sales were up 6.5 percent for the month to \$21.5 billion, while its Sam's Club sales were up 1.4 percent and international sales were down 11 percent.

Without fuel, Walmart's total US same-store sales were up 3.4 percent.

- Village Super Market said that its first quarter net income was \$6.4 million, up 48 percent from the same period a year ago. Q1 sales were \$290.9 million, up 10.4 percent from the same period a year ago, on same-store sales that were up 4.2 percent.

- Costco said that its November sales were off three percent to \$5.55 billion, on same-store sales that were down two percent in the US and down 15 percent in the company's international stores.

- Walgreen Co. reported a November sales increase of 3.7 percent to \$4.96 billion, compared to the same month a year ago. Same-store sales, however, were down 0.9 percent.



Executive Suite

- Rite Aid announced that it has hired Ken Martindale, the former co-president and chief merchandising/marketing officer for Pathmark, to be its new senior executive vice president for merchandising, marketing and logistics.
- C-store chain The Pantry announced that Brad Williams, its vice president of field operations, has been promoted to be senior vice president of field operations.
- Supervalu-owned Save-A-Lot announced yesterday that Bill Gillispie has been hired as senior vice president of marketing and merchandising. Gillispie is a former executive with retailers that include Scotts Food, Cub Foods and Jewel.

Tom Lenkevich, a former Save-A-Lot licensed owner and an executive with companies that include Meijer and A&P, has been hired to be Save-A-Lot's new senior vice president of retail operations.

Andrea Wagner, formerly with Kroger and HEB, has been hired as vice president of consumer-brand strategy.

Vanessa Foster, previously with The Cartoon Network, has been named to be Save-A-Lot's director of communications and community relations.