



*-Week Ending 2/6/09-*

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Thanks to MNB  
for this selection of  
articles.

## As Traditional Roles Shift, Who Will Do The Food Shopping?

Food retailers have long worked under the premise that woman do most of the food shopping, even in two-income families where their husbands might be expected to spend an equal amount of time in the supermarket aisles.

But now, there is at least a possibility of a change in this presumption.

The *New York Times* this morning reports that "women are poised to surpass men on the nation's payrolls, taking the majority for the first time in American history. The reason has less to do with gender equality than with where the ax is falling.

"The proportion of women who are working has changed very little since the recession started. But a full 82 percent of the job losses have befallen men, who are heavily represented in distressed industries like manufacturing and construction. Women tend to be employed in areas like education and health care, which are less sensitive to economic ups and downs, and in jobs that allow more time for child care and other domestic work."

And, the *Times* goes on: "Economists have predicted before that women would one day dominate the labor force as more ventured outside the home. The number of women entering the work force slowed and even dipped during the boom years earlier this decade, though, prompting a debate about whether women truly wanted to be both breadwinners and caregivers.

"Should the male-dominated layoffs of the current recession continue — and Friday's jobs report for January may offer more insight — the debate will be moot. A deep and prolonged recession, therefore, may change not only household budgets and habits; it may also challenge longstanding gender roles."



## Discount Produce Produces For Fresh & Easy

Tesco's Fresh & Easy division in California, Arizona and Nevada said yesterday that it had increased its produce sales by more than 11 percent since January by introducing 98-cent Produce Packs that "are delivered fresh daily to stores and currently include grape tomatoes, yellow onions, green bell peppers, pears, lemons and oranges. Customers can always choose from six different fruits and vegetables that will rotate depending on seasonality and availability."

□ "Our customers told us finding high-quality produce at affordable prices was challenging," said Simon Uwins, Fresh & Easy chief marketing officer. "We are making changes so our customers have even more options on their weekly shopping trips. The 98-cent Produce Packs offer customers a great way to save money without compromising on quality or freshness."

## Sansolo Speaks: Profiles in Leadership

by Michael Sansolo

There are many reasons why sports provide a poor metaphor for business. Unlike business, the rules of sports are usually pretty straightforward, the measurements are exact and the principles of competition are limited by salary caps, player drafts and other mechanisms designed to enforce a sense of parity.

But then there are lessons we just have to soak up again and again, which is why I wrote about basketball coach Pat Summitt yesterday and heard from readers with other notable suggestions from the sports world. And thanks to this year's Super Bowl, one of the best lessons in sports leadership will be front and center for a while. The lesson comes from the very simple reason why the Pittsburgh Steelers deserve to be the most successful team in Super Bowl history.

It comes down to Dan Rooney, the team's owner.

Hopefully on the way to the game this year, you had a chance to read a profile of this remarkable man with a leadership ethic that all of us could and should emulate. It's a study in the right way to lead, especially in times of so much turmoil.

Consider some comments about Rooney gleaned from one recent article in the *New York Times*:

1. Rooney flies to games on the same plane as his team and doesn't put on any airs about it. As backup quarterback Charlie Batch told the Times, "Not only was he on the plane, he was sitting in the seat that doesn't recline, in front of the bathroom."
2. He doesn't run his team from a distance. "Some owners treat you like a rental property," said defensive end Nick Eason. "Mr. Rooney comes around. He always sticks his hand out to you. 'Hey, Nick'— and I'm like, he knows my name?"
3. And his involvement isn't a cliché, it's real. "Every team says it's a family, but it's bull a lot of the time," said punter Mitch Berger said. "I'm glad I got a chance to experience the way it should be before everything's said and done."

The picture is of a man who stands in sharp contrast to not just most team owners, but also to many business leaders these days. (Is anyone on Wall Street paying attention?) He is a man who seems to lead with humility and hands-on effort in a way that builds a different kind of atmosphere around his team.

And the story doesn't end there. There is a rule in the National Football League that requires teams to interview minority candidates for head coaching positions. It is called the Rooney Rule because Dan Rooney made it happen. It seems hard to believe that a few decades ago African-Americans were frequently called incapable of playing quarterback in football. This year, the traditional phone call between the President and United States and the Super Bowl winning coach involved two African-Americans. Times change because of people like Dan Rooney.

In truth, there are great leaders everywhere. There are leaders who are involved, caring and down to earth. There are leaders who talk about great change and who make it happen. There are leaders who make their people feel special and important and get great things out of their team again and again.





So in this case, sports do provide us a great metaphor. Because Dan Rooney seems to embody all the elements we all like to applaud in a leader and his team just won the Super Bowl for a record sixth time.

Whether you manage one person or a team of thousands; whether it's just the deli department or the Pittsburgh Steelers, the principles are the same: humility, teamwork and living up to your words. And, as Dan Rooney's success demonstrates again, nice guys often finish first.

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## HEB Launches Value-Oriented Advertising Campaign

The *San Antonio Business Journal* reports that HE Butt Grocery Co. has launched a new advertising campaign around the theme, "No Store Does More." The first commercial in the effort was seen in HEB's markets during last weekend's Super Bowl.

According to the story, the program is highly focused on spotlighting how HEB is a value-driven supermarket chain: "H-E-B is promoting the fact that the company provides customers with \$200 worth of in-store coupons each week. The company also sponsors in-store Combo Locos and Meal Deal programs, which offer customers free items with the purchase of a complementary item. Last year, H-E-B customers received \$64 million worth of free products through these programs."

## No Surprise: Economy Is "Top Of Mind" Issue For Industry Executives

CIES is out with its annual "Top Of Mind" survey, and not surprisingly "the economy and consumer demand" is the number one issue on industry executives' minds, followed by food safety, which has the number two position for the second year in a row.

However, as often happens in this survey, retailers seem to have a different set of priorities than retailers...at least once you get past recession-driven economic concerns.

The survey is based on a sample of nearly 600 retail and manufacturing decision makers across food and consumer goods industries in 54 countries.

This is how the overall breakings broke out:

- |                                    |  |
|------------------------------------|--|
| 1. The economy and consumer demand | 8. Consumer marketing                                      |
| 2. Food safety                     | 9. Technology and supply chain issues                      |
| 3. Corporate responsibility        | 10. Human resources  |
| 4. The competitive landscape       | 11. Internationalization                                   |
| 5. Retailer-supplier relations     | 12. Operational issues (store openings, pricing, labeling) |
| 6. The "retail brand"              |  |
| 7. Consumer health and nutrition   |  |

Retailers saw the world this way:

- |                                    |  |
|------------------------------------|--|
| 1. The economy and consumer demand | 8. Technology and supply chain issues                      |
| 2. The "retail brand"              | 9. Consumer marketing                                      |
| 3. The competitive landscape       | 10. Human resources  |
| 4. Food safety                     | 11. Operational issues (store openings, pricing, labeling) |
| 5. Corporate responsibility        | 12. Internationalization                                   |
| 6. Retailer-supplier relations     |  |
| 7. Consumer health and nutrition   |  |





And, manufacturers had a somewhat different view of the world:

1. The economy and consumer demand
2. Corporate responsibility
3. Retailer-supplier relations
4. Food safety (tied with Consumer Health & Nutrition)
5. Consumer Health & Nutrition (tied with Food safety)
6. The competitive landscape
7. The "retail brand"
8. Consumer marketing
9. Technology and supply chain issues
10. Internationalization
11. Human resources
12. Operational issues (store openings, pricing, labeling)

## Impulse Purchasing Takes Another Hit

The *Boston Globe* has an interesting story suggesting that as customers look for ways to save money, one way to do so is to use e-grocery shopping services...the theory being that such programs cut down on the impulse purchases that often add dollars to regular shopping trips.

The *Globe* puts it this way: While acknowledging that e-grocery services usually carry some sort of fee structure "to get somebody else to pick up your groceries and deliver them to your door. That cost can make it seem like a luxury - why pay extra when you are perfectly capable of doing it yourself?"

"But even factoring in the money, Peapod, as well as the delivery service provided by another grocery chain, Roche Bros. Supermarkets, can offer savings to the savvy shopper not just in minutes, but in dollars.

"These services are the first line against exactly the kind of late-list additions that ... jack up the bill on even the simplest shopping trips. A quick run for milk and eggs suddenly becomes milk and eggs and, oh those, English muffins look good, and, whoops, I'm low on cream cheese, and some strawberry jelly would be nice, and those new pretzels look yummy. Suddenly that \$8 tab is \$18 or \$28.

"But on Peapod, spontaneity is harder. You click through virtual aisles, build a list, and keep an eye on the running total. If minds are changed, there's no awkward attempt to hide the cottage cheese container in the magazine rack. Just click and it's gone. Same goes for impulse buys."

## Price & Cost Tensions Define Current Retailer-Supplier Relationships

*Business Week* reports on the ongoing tensions between food retailers and manufacturers over prices, as retailers pressure their suppliers to lower their prices and use the threat of expanded private label offerings as a wedge...or cudgel. "Private labels, used as levers, probably aren't powerful enough to pry sweeping adjustments from the manufacturers," the magazine writes. "But analysts say they're already seeing an increase in so-called promotional dollars, or money that vendors give to retailers to subsidize temporary discounts like two-for-one offers. Those discounts can blunt price hikes, but grocers much prefer more lasting price cuts."

Manufacturers, of course, are sort of caught between a rock and a hard place. Last year, prompted by increased commodity prices and rising energy costs, many raised their prices and have continued to do so. And this year, while costs have come down, they are not cutting their prices...in some cases because they locked in costs with contracts last year.

Still, retailers – ranging from Supervalu to Wegmans to Wes Markets to Safeway – are "encouraging" their suppliers to lower costs...and are prepared to do what they have to do in order to twist a few arms.



## In Dallas, Competitors Wrestle For Market Share

Good piece in the *Dallas Morning News* over the weekend about how that city is a kind of microcosm of the national supermarket industry, as retailers cope with the recession, changing market realities and evolving consumer needs.

"Last year, grocers juggled food inflation with consumer demands for lower prices," the *Morning News* wrote. "In North Texas, established chains also faced new competitors, which were the only ones opening new stores. Traditional supermarkets responded with pumped-up fuel discounts, targeted coupons, 10-for-\$10 specials, cookware giveaways and store remodelings.

"The strategies worked for some but not all the competitors seeking a bigger slice of the \$12.6 billion-a-year Dallas-Fort Worth grocery market."

Here's how some of the retailers are positioning themselves:

"Kroger gained market share as it narrowed its price differential with Wal-Mart. Tom Thumb held its ground, but Albertson's closed more stores. Minyard Food Stores sold off more than half the chain, including its Carnival stores, to Fiesta Mart's parent.

"Wal-Mart, the No. 1 grocery seller, raised its local market share 0.6 percentage point to 38.4 percent, but it gained at a slower pace as it tamed expansion nationwide. Specialty food chains battled, too, as Sprouts Farmers Market took on No. 1 organics chain Whole Foods Market. Accustomed to healthy sales gains, Whole Foods saw its top line go flat in the fourth quarter.

"HEB's Central Market aimed high with new ideas such as its Kit Kitchen, stocked with pre-washed, diced and measured ingredients ready to take home along with 50 recipes. United Supermarkets' Market Street opened drive-through mini markets in new Frisco and Coppell stores that sell everything from lemons to lemon-pepper rotisserie chicken."

## Costco's Game Plan Divulged...Sort Of

*Fortune* has a snapshot of the recent Costco annual meeting, noting that the event revealed that:

- Costco CEO Jim Sinegal, who is 73, has a succession plan...but he's not divulging details.
- The company hopes to expand to 1,000 stores by 2019, from the 550 that it currently operates; however, that goal could be adjusted depending on how the economy ebbs and flows.
- Sinegal believes that the time is right to steal market share from financially troubled retailers that are unable to compete in tough times, and he plans to use the company's private label as a weapon.
- Costco's most popular item? Toilet paper.



## FastNewsBeat

- *Crain's Chicago Business* reports that Walgreen Co. plans to buy 12 Rite Aid stores in California and Idaho, a move designed to bolster its western US presence. Terms for the deal were not disclosed.
- The *Associated Press* reports that three men have been arrested and charged with trading inside information that allowed them to make a \$7 million profit on the sale of Albertsons in 2006.
- The *Atlanta Business Chronicle* reports that Publix is preparing to open a new store in Atlanta that is designed for Latino shoppers.

According to the story, "the 47,000 square-foot store will feature dual-language signs, an enhanced selection of traditional Latino grocery items and a weekly sales paper in Spanish. The produce department will feature fresh and dried chilies, dried beans and plantains. The bakery will offer fresh conchas, flan and breads baked through out the day. The meat department will custom slice thin cuts of meats for traditional Latino recipes. The deli will provide a salsa bar including mango, corn chipotle, black bean, guacamole, fire roasted peppers and traditional tomato based salsas. Meats include carne deshabrado, pork carnitas and chorizo sausages.'

Opening day is scheduled for February 19.

- The *Seattle Post Intelligencer* reports that the US Postal Service is investigating Amazon.com for possible non-compliance with postal rules, though the specifics have not been identified by either party.
- Published reports say that Beech-Nut Nutrition Corp. is building a state-of-the-art production facility in Florida, New York, and also will move its corporate headquarters there from St. Louis.
- *Retail Week* reports that Carrefour has opened its first Carrefour City store, a c-store format that "is split into two areas, everyday convenience items and essentials." A six month test is anticipated before any roll-out decisions are made.

The *Seattle Post Intelligencer* reports that Costco has instituted a hiring freeze at its headquarters and division offices, but has no plans to lay anyone off. The freeze is not absolute, according to the story; if a need can be established, it will be lifted when and where appropriate.

## The MNB Wal-Mart Watch

- The *Wall Street Journal* this morning notes that Mike Duke is beginning his tenure as CEO of Wal-Mart Stores Inc., "tasked with keeping his company growing in the midst of a contracting global economy," and "expected to continue expanding Wal-Mart into new foreign markets, especially in developing nations, while remodeling domestic stores to better position the company against rivals such as Target Corp."

## The Balance Sheet

- Walmart said that its January same-store sales were up an expectedly high 2.1 percent in the US...and then said that from now on, it will begin issuing forecasts only on a quarterly basis, saying that consumer and economic volatility made monthly forecasts too difficult.
- Spartan Stores reported third quarter sales of \$781.9 million, a 9.9 percent decrease from \$788.8 million from last year, on same-store sales that were up 3.3 percent over the same period a year ago. Q3 profit was up 17.4 percent to \$8.7 million.



- Target Corp. said that its January sales were up 0.8 percent to \$4.14 billion, on same-store sales that were off 3.3 percent.
- Ingles Markets said that its fiscal first quarter sales were up 3.6 percent to \$804.9 million, on same-store sales that were up 5.4 percent. Q1 net income was down a bit, though, to \$11.1 million from \$12.7 million a year ago.
- Weis Markets said that its Q4 net income almost doubled, to \$17 million, from \$8.6 million during the same period a year ago. Quarterly sales rose three percent to \$619.4 million from \$603 million a year ago, on same-store sales that were up 2.2 percent.

For the just-completed fiscal year, Weis said that earnings fell 8 percent to \$47 million, on sales that were up 4.5 percent to \$2.42 billion, and same-store sales that were up 4.3 percent.

- Walmart de Mexico, also known as Walmex, said that its January sales were up 9.2 percent to the equivalent of \$1.5 billion (US), on same-store sales that were up 2.7 percent compared to the same period a year ago.
- Kellogg Co. reports that its Q4 earnings were \$179 million, up seven percent compared to the same period a year ago. Q4 revenue increased to \$2.93 billion, up 5 percent from \$2.79 billion a year ago.

Kellogg's annual profit was \$1.15 billion for the just completed fiscal year, up from \$1.1 billion last year, with revenue that was up nine percent to \$12.82 billion.

- BJ's Wholesale Club reports that its January sales were up nearly 1 percent to \$656.7 million from \$651 million last year, though same-store sales were off 0.7 percent for the month.