



*-Week Ending 8/14/09-*

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Thanks to MNB  
for this selection of  
articles.

## Morning In E-America

Here's a story that has two implications for US marketers.

The *New York Times* reports that "technology has shaken up plenty of life's routines, but for many people it has completely altered the once predictable rituals at the start of the day.

"This is morning in America in the Internet age. After six to eight hours of network deprivation — also known as sleep — people are increasingly waking up and lunging for cellphones and laptops, sometimes even before swinging their legs to the floor and tending to more biologically urgent activities."

So here are the issues that marketers – especially food marketers - have to face:

1. If consumers are turning to the Internet instead of newspapers first thing in the morning, how does that affect marketing programs that previously have been effective at reaching that shopper? If they're not reading the paper, they're not seeing FSIs or full page price ads. Which means that these kind of expenditures may increasingly be a waste of money.
2. How is this change of habit affecting how and what they eat for breakfast?

## Whole Foods CEO Weighs In On Health Care Debate

Whole Foods CEO John Mackey had a long op-ed piece in the *Wall Street Journal* yesterday in which he addressed the ongoing health care debate, writing that "while we clearly need health-care reform, the last thing our country needs is a massive new health-care entitlement that will create hundreds of billions of dollars of new unfunded deficits and move us much closer to a government takeover of our health-care system. Instead, we should be trying to achieve reforms by moving in the opposite direction—toward less government control and more individual empowerment."

There are two specific recommendations/observations that Mackey makes that we will focus on here:

- "The combination of high-deductible health insurance and HSAs is one solution that could solve many of our health-care problems. For example, Whole Foods Market pays 100% of the premiums for all our team members who work 30 hours or more per week (about 89% of all team members) for our high-deductible health-insurance plan. We also provide up to \$1,800 per year in additional health-care dollars through deposits into employees' Personal Wellness Accounts to spend as they choose on their own health and wellness.





“Money not spent in one year rolls over to the next and grows over time. Our team members therefore spend their own health-care dollars until the annual deductible is covered (about \$2,500) and the insurance plan kicks in. This creates incentives to spend the first \$2,500 more carefully. Our plan’s costs are much lower than typical health insurance, while providing a very high degree of worker satisfaction.”

- “Rather than increase government spending and control, we need to address the root causes of poor health. This begins with the realization that every American adult is responsible for his or her own health.

“Unfortunately many of our health-care problems are self-inflicted: two-thirds of Americans are now overweight and one-third are obese. Most of the diseases that kill us and account for about 70% of all health-care spending—heart disease, cancer, stroke, diabetes and obesity—are mostly preventable through proper diet, exercise, not smoking, minimal alcohol consumption and other healthy lifestyle choices.

“Recent scientific and medical evidence shows that a diet consisting of foods that are plant-based, nutrient dense and low-fat will help prevent and often reverse most degenerative diseases that kill us and are expensive to treat. We should be able to live largely disease-free lives until we are well into our 90s and even past 100 years of age. Health-care reform is very important. Whatever reforms are enacted it is essential that they be financially responsible, and that we have the freedom to choose doctors and the health-care services that best suit our own unique set of lifestyle choices. We are all responsible for our own lives and our own health. We should take that responsibility very seriously and use our freedom to make wise lifestyle choices that will protect our health.”

## Take Out Business Expands For Restaurants In Recessionary Climate

The *Newark Star-Ledger* reports that “ordering in is no longer just about Chinese food or pizza. As the recession drags on, more consumers ... are getting full course, finer meals delivered to their homes as a way of saving time and money, without sacrificing the indulgence, according to industry experts and executives.”

The story notes that “in the New Jersey and New York regions, the average bill for orders rose to about \$21 last month, from \$18 in May and June, and \$8 in March,” according to an analysis by Delivery.com, a food delivery website that serves more than 10,000 restaurants across the country. The story also says that “a review of individual orders revealed that customers were ordering more expensive entrees, and adding appetizers and desserts.”

## Walmart Looks To Turn NYC Into A Wondrous Toy, An Aisle Of Joy

*Crain's New York Business* reports that Walmart is hunting for potential locations in New York City, noting that the initiative comes two years after then-CEO Lee Scott said that opening a store in the Big Apple was not “worth the effort.” Past attempts have been foiled by a coalition of community members and organized labor interests that objected to the impact a Walmart might have both on small and unionized retailers.

It seems more likely that Walmart will focus on the so-called outer boroughs – Queens, the Bronx, Brooklyn and Staten Island – though a Manhattan store has not been ruled out. The ongoing recession is seen as creating an opportunity for Walmart in New York City – more people than ever need both low prices and jobs.

“Now, more than any other time in recent memory, New York City residents want and need better access to our stores so they are not forced to travel to New Jersey or Long Island to benefit from the savings Wal-Mart provides for working families,” wrote a spokesman, Philip Serghini, in an e-mail message. “Hopefully we will be able to bring a store to New York in the near future.”

While there is a general concession that Walmart has done much to rehabilitate its reputation over the past few years, *Crain's* reports that the retailer is likely to face similar push-back this time around.



## Safeway Announces Price Cuts In DC Market

The *Washington Post* reports that "Safeway has lowered prices on thousands of items at its stores in the Washington region as the supermarket chain adjusts to shoppers' increasingly frugal mind-sets. The grocer, the second largest in the region, is slated to announce the initiative Wednesday with banners and signs throughout its stores. The price cuts primarily are targeted at staples sold in the center of each store, such as paper products, laundry supplies and coffee, and the reductions run as high as 25 percent."

## Sansolo Speaks: The Moment is Now

by Michael Sansolo

Twenty-plus years ago, I recall a very strange political moment. As the film "The Right Stuff" came to theaters, there were those convinced its portrayal of the early American space program would propel heroic astronaut-turned-Senator John Glenn into the White House. Do you remember President Glenn?

It's worth thinking about as we consider the moment surrounding the release "Julie & Julia," starring of Meryl Streep as Julia Child. Yes, it's a celebration of cooking and food that should give all of us pause and might get some folks back into the kitchen. But as "Content Guy" Kevin Coupe suggested yesterday, let's not get crazy. Streep has made countless terrific movies and unless you credit her for the rising divorce rate after "Kramer vs. Kramer," it's hard to see how a film changes the world.

Then again, maybe we should pause and think about it this time. It's not the movie, but the timing that should interest us. For nearly a year now, the US (and most of the globe) has been immersed in the worst economic crisis since the Great Depression. For a year now we've heard and read countless reports about how the crisis is altering consumer behavior, building frugality and leaving people looking for lifestyle changes.

Which means that for nearly a year now opportunity has been staring us in the face and asking us whether we are going to act. "Julie & Julia" is simply the latest reminder.

The reality is that Americans aren't rushing back into their kitchens to battle the economic crisis. They talk about eating more meals at home, but there is plenty of evidence to suggest the move is minor and the larger move is toward economizing at home and at restaurants. (McDonald's sales are up, for example.) But that again is the opportunity.

The reality is also that people's habits do change in times of economic crisis and they can stay changed for years afterwards depending on how scarred they are by the experience. It's hard to imagine that two years from now, Americans will be buying up homes as they recently did, hoping to flip them quickly into massive profits. Two years from now we have to hope banks and lending institutions won't be finding creative (and ultimately destructive) ways to support those actions.

However, that's not our business. Our business is selling food, so let's start thinking about where we want to be when the economic crisis passes. Do we want to return to watching idly as sales and meals continue to drift away from home or do we want something bolder?

The economic crisis is a moment that (hopefully) won't come along for a very long time. It's a time for re-evaluation, but also reconnection. It's a time to abandon the status quo and find the new path to success and customer satisfaction.

Ask yourself a hard question: what are you and your company doing differently today compared to last August? In the year since Lehman Bros. collapsed, the Dow Jones tanked and the world shifted, what are you doing differently? What are you doing with shoppers, associates, trading partners and communities? How have you used this moment to alter the future?



If you haven't done any of that, consider your competitors who have. Consider the brilliance of Walmart's strategy to demonstrate customer care through the economic crisis. Consider McDonald's new upscale offerings in coffee and burgers and think about how that company is seizing market share by redefining value. And while those are just two examples, both pack an enormous punch.

And then ask, what have you done, how have you changed and how have you built the new relationship. The moment is here, but the moment may soon be ending. The time to act is now.

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## Walgreen Looks To Mickey D's For Growth Strategy Inspiration

*Crain's Chicago Business* reports that Walgreen CEO Greg Wasson plans to channel McDonald's as he grows the drug store chain – he wants to slow down unit growth while reinvesting in existing stores in a way that makes them more relevant to shoppers.

According to the story, "Walgreen is scrubbing down stores, as McDonald's did. Based on feedback from consumer focus groups, Mr. Wasson is changing layouts to make shopping more convenient. And he's reducing the selection of items stocked in stores, on the theory that offering too many choices frustrates customers and creates clutter. He's retooled advertising to emphasize basics like soda pop and paper towels."

And, while Walgreen wants to increase the number of in-store health clinics that it operates, Wasson says he has no intention of following the path of rival CVS, which bought a pharmacy benefits management company and is integrating its operations into the overall company.

## FastNewsBeat

- Kroger Co. announced that its Dayton, Ohio-area employees have ratified a new agreement that covers 4,000 workers in 30 stores.

"This agreement provides good, stable jobs for our associates, increases take-home pay, and provides high-quality, affordable health care. At the same time, it enables our company to remain competitive in a difficult economy with intense competition," said Geoff Covert, President of Kroger's Cincinnati/Dayton Division.

- The *St. Louis Business Journal* reports that Schnucks has opened its newest store – a 21,000 square foot downtown store that goes under the name Culinaria – A Schnucks Market. According to the story, the store is the only full-service grocery store in downtown St. Louis, and "boasts wine tasting, a Kaldi's coffee bar, downtown's first pharmacy, tables and chairs, prepared meals and a salad bar for the downtown lunch crowd."

- Circle K, a subsidiary of Canada-based Alimentation Couche-Tard, reportedly plans to sell 87 US locations that don't fit into its long-term growth and development plans.



## The MNB Wal-Mart Watch

- The *Wall Street Journal* reports that Walmart has learned some valuable lessons in its Brazil operations, including a) the importance of tailoring inventories to local shopping tastes, b) the need to build smaller stores that do not conform to its cookie-cutter traditions because of traffic issues that make large stores impractical, and c) how and why the acquisition of two local chains in Brazil made it easier for the company, which had struggled when operating only under its own banner.

The *Journal* also notes that these lessons have been so well learned that the retailer is looking for ways to apply them in other markets – including the US.

- The *Arkansas Democrat/Gazette* has an interesting story about how Walmart is utilizing local farmers throughout the US, serving as both a way to cut down on the miles between farm and fork and a way for Walmart to differentiate and distinguish itself in the food business.

The story notes that Walmart buys about 70 percent of its produce from U.S.-based suppliers, but that those in the know seem to feel that more can be done – that better communication and coordination can create a connection between retailers and local farmers that will have both economic and environmental benefits.

## The Balance Sheet

- Wal-Mart's Q2 revenue decreased 1.4 percent to \$100 billion, which the retailer blamed on the negative impact from exchange rate fluctuations. Without the currency fluctuations, Wal-Mart said Q2 revenue would have increased 2.7 percent to about \$104.2 billion. US same-store sales were off 1.2 percent.

## Executive Suite

- Price Chopper Supermarkets/Golub Corporation announced today that Rick Mausert, the company's Manager of Continuous Improvement, has been promoted to the position of Director of Non-Resale Purchasing. Mausert is a three-decade veteran at Price Chopper.