



-Week Ending 8/21/09-

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Thanks to MNB
for this selection of
articles.

Walmart Expands Rx Delivery Program

Walmart said this week that it plans to expand its prescription delivery program nationwide, after having piloted the effort in Michigan by offering a 90-day supply of some 300 generic prescriptions for \$10 via free by-mail delivery.

According to the announcement released by the retailer, "From rural communities like Aroostook County, Maine, and Devils Lake, North Dakota, to metro cities such as New York City and Washington, D.C., residents in 22 states and the District will be able to take advantage of this affordable pharmacy program from Walmart by calling 1-800-2REFILL. Additionally, Walmart's free mail delivery program has no gimmicks, no memberships and no enrollment fees. This announcement signals Walmart's commitment to help customers save money on prescriptions regardless of whether or not they live close to a Walmart pharmacy location."

Sansolo Speaks: Food, Glorious Food

by Michael Sansolo

Even though I get paid to write and talk about how people eat and cook, I have to admit something terrible: I'm getting overwhelmed. It's just that everything is too complicated these days.

Years ago, comedian Jack Mason had a wonderful routine on food. Mason would tick through a litany of foods that science had determined were the worst things you could ever eat. That is, until science found something even worse.

Today, even Mason, who has a wonderful gift of making any explanation sound incredibly complicated, is flummoxed. On a YouTube video about food choices, he sounds off against the never-ending run of competing studies on whether foods are good or bad for you. Chemist and activist Linus Pauling, Mason says, spent years of his life promoting the importance of taking massive doses of vitamin C and lived to be nearly 100. "Turns out, he would have lived to 200 without it."

Mason may have a point.

Just think of what we've heard lately. Eating fish prevents or at least slows dementia. Wine makes us healthier and maybe improves our sex life. Eating chocolate helps limit the damage and risk of death from heart attacks. And, in possibly my favorite, a friend of my son's—and a pre-med student at that—explained how the food coloring in blue M&Ms have been linked to healing spinal injuries.





Don't believe me; check any of those headlines on Google. You don't have to look far as all of these studies came out in just the past few weeks.

Now think for a second what these messages say to our shoppers. While certainly there are some who will chow down on handfuls of M&Ms as preventative medicine before entering the X-games, I'm betting a vast majority rolled their eyes and ignored the news. They have simply heard too much from too many with too little reason to believe.

Sorry to say, that's a problem. Unless you have been living under a rock, health is a big issue. And amid all the screaming and confusion surrounding the issue, health care costs are out of control and something must be done. But let's not dwell on the politics or legislation. Instead, let's examine the impact on this industry because the impact is coming.

The *New York Times* reported this Sunday on the wellness initiative at the Cleveland Clinic. The hospital no longer hires smokers and the rules aren't likely to stop there. Delos M. Cosgrove, the clinic's chief executive, says if he could he would also stop hiring obese people. Pointing out the costs obesity puts on the health system, Cosgrove says the nation needs to rethink its weighty problem. "We should declare obesity a disease and say we're going to help you get over it."

The line from such thinking to the aisles of supermarkets is very, very short. But as usual, there is opportunity in this challenge. Re-read *MNB* from last week to absorb the words of Whole Foods' CEO John Mackey, who pledges to return his company's focus to healthy eating. Whole Foods may be having issues at the moment, but Mackey is onto something big. (Of course, he also found out last week the danger of getting political when he came out in the *Wall Street Journal* against the Obama administration's health care reform plans, only to enrage liberal Whole Foods shoppers who started using words like "boycott." Talk about things getting complicated...)

Shoppers don't know who to trust. They face the constant barrage of news telling them all the products that are killing them plus all the products saving them and they react like Jackie Mason, without the comic touch. They get confused, frustrated, overwhelmed and angry.

Now think of the opportunity to help them sort through the confusion, to help them make better choices and to better understand the nutrients and attributes of various foods. Sure it's tough for even supermarkets to sort through the clutter of news, but that's what shoppers ache for us to do: to simplify their lives and satisfy their desires.

Great comedians get rich mocking the complicated. Good businesses do the opposite.

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MNB's Tales Of Tesco

- Numerous published reports say that Tesco is responding to the slow but steady diminution of its UK market share – with corresponding gains by Walmart-owned Asda Group there – by offering double Clubcard points as part of its loyalty marketing program.

The change has no expiration date, though the company says it is constantly reviewing the highly successful Clubcard program as part of a broader approach to recession-minded marketing.

- In Southern California, Tesco-owned Fresh & Easy Neighborhood Markets announced that it will revive its successful Shop for Schools fundraising program, which gives registered schools \$1 for every \$20 spent by customers naming that store. The top fundraising school in the area then receives a \$5,000 bonus from Fresh & Easy.



Battle Between Walmart & Target To Evolve As Economy Recovers

Business Week reports on the ongoing battle between Walmart and Target, which seems to have favored Walmart during a recessionary climate where people were looking for any and all ways to save money. One of Target's problems, the story suggests, is that it relied too much on discretionary purchases, which accounted for more than half of sales.

"For investors and even executives, the crucial question is what happens next," *Business Week* writes. "Those who are expecting an improvement in the economy and a recovery in consumer spending tend to favor Target."

Of course, Target apparently remains committed in general to its "cheap chic" strategy – while it is putting more of an emphasis on low prices, it is being careful not to engage in deep discounting that could erode its brand equity. And Walmart remains focused on its always-low-prices philosophy.

So the central question, analysts say, seems to be what the economy will do – and to what extent consumers will be willing to spend a little bit more money on discretionary purchases: "A slight recovery in the economy could be enough to get shoppers buying again," *Business Week* writes. "But it may not be enough to send customers back to pricier specialty and department stores.

"In any environment, the competition between Target and Wal-Mart will remain cutthroat. The onus is on Target to prove it can stop the slide in sales and customer traffic. And, Wal-Mart, with its global reach and deep pockets, is not known for taking competition lying down."

Drawing The Line On The Supermarket Checkout Experience

There is an interesting piece in the *Wall Street Journal* this morning in the "Numbers Guy" column that looks at the mysteries of the supermarket checkout line, concluding that while the average wait at the grocery store may in fact be shorter than at other venues, it is one of the most vexing to shoppers.

Part of this may simply be because people do it more often, but there also may be an implicit unfairness to how such lines work. Some cashiers are faster than others, which leads inevitably to people thinking that they once again have chosen the wrong line to wait on. And, there is the unfairness of the so-called express lane, which rewards people with the fewest items and does not give any sort of preference to best shoppers making the biggest purchases.

As the *Journal* writes, "To combat this, some retailers and fast-food restaurants have gone the way of banks and airports, shuttling customers into a single line where the person in front goes to the next open cash register. Other retailers are dabbling in technological upgrades to improve the waiting experience with updates on wait times or pleasant distractions.

"But the primary goal often isn't a reduction in wait time. The simplest way to reduce wait time is also the most expensive: adding more employees. And people have inaccurate internal clocks, as research shows, so there's little benefit in shortening the lines, the thinking goes. Instead, retailers are appealing to consumers' sense of justice by ensuring no one is served after another customer who arrives later. And, in the hierarchy of unpleasant activities, they're seeking to elevate waiting above watching paint dry."

FastNewsBeat

- The *St. Petersburg Times* reports that discount grocer Aldi is getting more aggressive in Florida: "With six new stores set to open by year's end in the Orlando area, the German grocer has turned its attention to filling in holes in the bay area and entering South Florida for the first time. By the time the dust settles in two years, Aldi's 26 Florida stores are planned to double, and nine Aldis in the four-county (Tampa) bay area promises to be closer to 20."

The strategy pits Aldi not just against Walmart, but also directly against Save-A-Lot, the limited assortment discount store that is owned and operated by Supervalu.



- SuperValu announced yesterday that its remodeled La Habra, California Albertsons store “has been awarded LEED (Leadership in Energy and Environmental Design) Silver established by the by the U.S. Green Building Council (USGBC) and verified by the Green Building Certification Institute (GBCI) making it the first major retail grocery store to receive such recognition for an interior remodel.”

The company notes that “this 55,221 square foot format’s interior energy saving measures include: water saving faucets, fixtures and sensors installed in the restrooms to reduce the amount of water by over 45%; Internet energy monitoring of refrigeration, lighting, air-conditioning and heating equipment; New carbon dioxide sensors and high grade air filters to keep air inside the store clean and fresh; (and) over 40 skylights combined with photo sensor controlled dimmable lighting on the sales floor that create a comfortable shopping experience while reducing the store’s electricity usage.”

- *EnvironmentalLeader.com* reports that Wegmans Food Markets has gotten a \$1 million grant from the Pennsylvania Energy Development Authority (PEDA) “to help offset the cost of implementing hydrogen fuel cell-powered material handling equipment at its Retail Service Center in Pottsville, Pennsylvania. The supermarket estimates that by converting the lead-acid-battery powered pallet jacks and reach trucks in just the produce area of its facility to hydrogen fuel cells, it will cut carbon emissions that are equivalent to removing 134 cars off the road per year.”

The MNB Wal-Mart Watch

- Kiss, the heavy metal rock band, is coming together for a new album and DVD that will only be sold at Walmart. The package will feature the band’s first new music in more than a decade, re-recordings of classic Kiss songs, and a DVD of a live performance.

“Sonic Boom” is slated to be released on October 6. The release follows a pattern previously established by the likes of the Eagles and Foreigner of putting out new albums only through Walmart, which is the nation’s second largest music retailer, having been surpassed last year by Apple’s online iTunes Store.

The Balance Sheet

- BJ’s Wholesale Club said that its second quarter earnings were \$35.1 million, down from \$36.5 million during the same period a year earlier. Q2 revenue fell roughly 5 percent to \$2.57 billion, on same-store sales that were down 7.7 percent with gasoline, but were up 2.9 percent excluding gasoline.
- Target Corp. reports that its second quarter profit was down 6.4 percent to \$594 million, from \$634 million during the same period a year ago. Q2 retail revenue was down fell 2.7 percent to \$14.57 billion, on same-store sales that were off 6.2 percent.
- Unified Grocers reports that its third quarter net sales declined 2.4 percent to \$992.5 million, compared to \$1 billion during the same period a year ago. Q3 net earnings were \$3.9 million, compared to net earnings of \$4.8 million a year ago.

Executive Suite

- Dave Norton, senior vice president of sales and marketing for Haggen and its TOPS supermarket chain, reportedly plans to retire next month. No replacement has yet been named.