



***-Week Ending 9/18/09-***

*Below is the list of articles you will find for the week ending 9/18/09 edition of Retail Industry News.*

- ▶ **The Old Gray Shopper Ain't What She Used To Be**
- ▶ **A&P CEO Sees Turnaround On Horizon**
- ▶ **Sweetbay Opens First In-Store Medical Clinic**
- ▶ **Sansolo Speaks: One Year Later**
- ▶ **Whole Foods Catches The Wind**
- ▶ **Schnucks Opens First Cooking School**
- ▶ **The Domino Effect From Grocery Price Declines**
- ▶ **For Fresh & Easy, It (Finally) Pays To Advertise**
- ▶ **Publix Continues To Grow Convenience Concept**
- ▶ **FastNewsBeat**
- ▶ **The MNB Wal-Mart Watch**
- ▶ **Executive Suite**



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

## **The Old Gray Shopper Ain't What She Used To Be**

The *Wall Street Journal* has a great piece this morning about how the inevitability of aging will impact how and where baby boomers shop as they move into their late sixties and seventies: "Current store layouts present challenges for elderly shoppers, experts say. Worsening eyesight makes finding items more frustrating, arthritis complicates browsing and reduced balance intensifies the strain of stooping or reaching for products."

However, manufacturers and retailers may be more motivated to do something about the situation, since aging baby boomers are expected to spend \$50 billion or more over the next 10 years on various CPG items ... assuming they can see them and find them. Furthermore, the *Journal* writes, "The number of adults aged 65 and older will reach 71.5 million people by 2030, twice their number in 2000 and representing nearly 20% of the total U.S. population, according to estimates by the Federal Interagency Forum on Aging-Related Statistics."

That means coming up with shelves, colors, lighting and typefaces that are user-friendly for aging consumers – and working with companies such as Kimberly Clark, which has developed a program that allows marketers to put themselves in the shoes – literally – of these older shoppers.

## **A&P CEO Sees Turnaround On Horizon**

Excellent interview in the *Newark Star Ledger* with Eric Claus, CEO at the Great Atlantic & Pacific Tea Co. (A&P), in which he describes the company's efforts to respond to changing customer tastes and needs, and to have stores that will cater both to high end shoppers and cash-strapped customers. Excerpts:

- *Formats:* "We have Fresh -- a store that focuses on a premium offering, particularly in the fresh food department. So, it has a higher-end bakery and a vast variety of produce. Instead of commodity tomatoes, it has the nonhydroponic vine ripened tomatoes that really taste like tomatoes. That caters to middle-upper-income to upper-income consumers. The next one is Price Impact under the Pathmark banner. As soon as you walk in you see huge displays and private labels that tell you will save money. That is typically in the more mainstream and inner-city areas.

"The third is Discount -- a smaller store we brought down from Canada with no service departments. Pricing is significantly less. Instead of four different kinds of ketchup, you might have one brand but at a great price. They are extremely successful. You can find them in East Paterson, Fairview and North Bergen. The fourth one is Gourmet, in New York, which is higher-end. They





are about having the best chocolates and the best meats in the world.”

- *Pathmark's problems:* “It was at a high price when we bought it. As soon as we bought it we ran into the recession. We had an economically strapped consumer and a number of stores that needed a pricing fix. So, we've dropped our pricing at Pathmark, but it's taken a toll on the bottom line because we don't have the volume yet to offset the reduction in margins we've taken. We believe that we are beginning to see the bottom of the recession and that things should pick up in the first half of 2010.”

## **Sweetbay Opens First In-Store Medical Clinic**

The *Tampa Tribune* writes that Delhaize-owned Sweetbay Supermarkets has opened its first in-store medical clinic there, in partnership with and managed by USF Health, which is described as overseeing “the University of South Florida's medical and health-related schools and the USF Physicians Group.”

The story notes that while Publix has been in the in-store medical clinic business since 2006, and currently has 42 Little Clinics in various stores, “Sweetbay officials said the company waited to find the right fit. Plans to open its first clinic in New Tampa jelled when the supermarket chain joined forces with USF Health. No plans for a second clinic have been confirmed,” though the company seems confident.

## ***Sansolo Speaks: One Year Later***

**by Michael Sansolo**

Like you, I remember exactly where I was on Sept. 11, 2001. Unlike most of you, I was close enough to experience it first hand and have memories of the Pentagon attack that I'll never forget.

It's hard to put Sept. 15, 2008, in a similar place. It was a day without death and destruction, but in many ways it changed the world we live in just as profoundly. As you might have read or heard over the weekend, today marks the one year anniversary of the collapse of Lehman Bros, which turned out to be the spark that set off a global economic meltdown.

The statistics from a year ago are stunning. The stock market fell 500 points the day after, but more stunningly fell nearly 5,000 points overall in the following months, wiping out \$15 trillion in paper wealth. But like most of you, I don't remember exactly what I was doing when it all happened, nor did I grasp the significance. I have an electronic trail to prove it - my column on Sept. 16, 2008, dealt with the serious lessons of Ohio State's loss to Southern California as it pertains to competition.

Luckily, it's easy to recover in a column and one week later I wrote about a change in value advertising highlighted by new Walmart ads contrasting the cost of eating out vs. cooking at home. For many of you, the recovery has been tougher.

And that's why we should not let this anniversary pass by lightly. Sept. 15th, like it or not, changed the world in which we operate. It changed the way people shop, save and view their economic future. It changed the meaning of value and the notion of frugality and, at least for the moment, has changed the shoppers we face very, very profoundly.

The question is: What have you changed? But don't dwell on the past; examine the future. Use this strange anniversary as a rallying point to benchmark the world that was and the world that is. Examine trading partner relations, marketing strategies, employee education, cost centers...basically everything you can. This is the time to question everything because that's exactly what the shopper is doing.

I wish I was enough of an economist to analyze what the new age of frugality really means, what the stimulus really did (or didn't do) or where the market, inflation, unemployment are more likely headed. I'm not and the odds are you aren't either.

But there is still so much we can do. There are so many opportunities to examine as we face a shopper who is worried and looking for new answers. This is a time to truly examine our value proposition and make certain we are in synch with the





shoppers we have today. It's a time to fight for meals by helping shoppers see the financial, time and nutrition benefits of products. It's a time to examine new answers for breakfast, lunch and dinner - the issues are shoppers are really examining - to build sales profits and relations.

It's a time to examine the meaning of brands and building on the key points of differentiation.

The world changed on Sept. 15, 2008. It's still changing a year later. Make certain you continue to change with it.

Michael Sansolo can be reached via email at [msansolo@morningnewsbeat.com](mailto:msansolo@morningnewsbeat.com).

## Whole Foods Catches The Wind

Whole Foods Market announced that it has completed its 776 million-kilowatt-hour purchase of renewable energy credits (RECs) from wind farms.

According to the announcement, "The RECs are equal to 100 percent of the Company's electricity use in its North American locations, and nearly 90 percent of this year's purchase is helping to fund E.ON Climate & Renewables' (EC&R) recently-completed Texas-based Panther Creek wind farm."

"Whole Foods Market is working hard to be a leader in environmental stewardship and to make sure that our investment drives new wind power growth for the country. Buying nearly all of our 2009 renewable energy credits from Panther Creek to help bring new power from the wind farm to the grid is a great example of that," said Lee Matecko, Whole Foods Market global vice president of Construction and Store Development.

## Schnucks Opens First Cooking School

The *St. Louis Business Journal* reports that Schnucks has included a cooking school in its newest store, a 74,000 square foot unit opened yesterday in Des Peres, Missouri.

The cooking school is the chain's first.

Scott Schnuck, the company's chairman/CEO, tells the paper that the store also includes "a Kaldi's coffee shop with WiFi connections, a new cheese room and wine display, a walk-in beer cave cooler, an aged beef cooler, a Schnucks demonstration station, two restaurant counter seating areas and a table-top kitchen housewares department."

## The Domino Effect From Grocery Price Declines

The *Washington Post* reports on the dramatic price declines that consumers are seeing in the supermarket, "as the global downturn drives down the cost of staples such as wheat, corn and milk and grocers fight for the wallets of penny-pinching consumers ... The price of corn, for example, is down 56 percent since July 2008 on the Chicago Board of Trade. Such drops have helped drive down the grocery consumer price index, which measures what shoppers pay at stores, about 2.5 percent since its peak in November, according to new data released Wednesday by the Bureau of Labor Statistics."

These decreases, the *Post* notes, have helped to create price wars in some markets....such as Washington, DC: "Locally, Safeway stores have slashed prices on thousands of products by as much as 25 percent over the past month. Giant Food said three weeks ago that it has doubled the number of items on sale and papered its shelves with signs highlighting savings. And Wal-Mart, long feared by rivals for its aggressive pricing, plans to open its first area store with a full-service supermarket in Manassas in October."



## For Fresh & Easy, It (Finally) Pays To Advertise

The *Orange County Register* reports that Tesco-owned Fresh & Easy Neighborhood Markets is launching a major advertising campaign "bombarding various markets," according to the story, "with its 'low price, fresh ingredients' philosophy using radio ads, freeway billboards and bus shelter signs.

"The media campaign will also promote several store changes made over the last few months, including adding more than 1,000 new grocery items — ranging from liquid soap to ready-to-cook meats."

It is actually the first major ad campaign undertaken by Fresh & Easy, which entered the US two years ago but has had more than its share of growing pains despite what the company said was careful and comprehensive research before it ever opened any stores.

The *Register* says that Fresh & Easy has made some specific changes in its offering, providing shoppers with more loose fruits and vegetables instead of pre-packed produce; featuring more than 1,000 new SKUs, with both national and private brands; and putting more signage in the aisles informing customers both about prices and nutritional attributes.

CMO Simon Uwins says that the 125-store chain has finally achieved the size where a large and unified campaign makes sense, and that it would not have been sensible to do so earlier, when the format was still being tweaked.

## Publix Continues To Grow Convenience Concept

In Florida, *Bay News 9* reports that Publix Super Markets has opened its 13th "Pix" gas station and convenience store, as the company tries out "new concepts, different sizes, different product mixes to try to figure out what's the best bet for us," according to company spokesperson Shannon Patten.

The story quotes Burt Flickinger III, managing director of Strategic Resources Group, as saying that the convenience-oriented initiative being undertaken by Publix is a smart one, and that he expects Publix to add as many as 150 "Pix" stores over the next five years.

## FastNewsBeat

- *Reuters* reports that Smithfield Foods is focusing the bulk of its efforts on becoming a global leader in the packaged meats business, selling under brands that include Armour, Eckrich and Farmland, and spending less time in the hog and low margin pork business.

"We are on the cusp of changing who this company is," Chief Executive Larry Pope told the Barclays Capital Back-to-School Consumer Conference, adding, "We are looking more like a consumer packaged goods company than we are an agribusiness player."

- GMDC announced that it has awarded its 2009 Lifetime Achievement Award to Wayne Bryant of American Sales Company, a Division of Ahold USA, at its Health Beauty Wellness Marketing Conference in Orlando, Florida, citing his significant contributions and thought leadership in the general merchandise and health and wellness industries.

## The MNB Wal-Mart Watch

- Walmart Uses "Family Night" Centers As New Marketing Tool

The *Los Angeles Times* reports that Walmart is launching "in-store Family Night Centers, which are designed to give customers a one-stop shop for at-home activities including board games, movies and snacks," and that it hopes will provide affordable entertainment for families as they spend more time at home during the recession."



- *Dow Jones* reports that Walmart “is expanding its prescription mail delivery program nationwide” after a Michigan pilot program proved successful. The program “offers customers a 90-day supply of 300 generic drugs for \$10 ... no mailing charge is added to the prescription cost and no memberships or enrollment fees are required. In addition to the 300 generic drugs available for \$10, the service offers free mail delivery of more than 3,000 other brand and generic prescriptions at other prices.”

## Executive Suite

- Safeway announced that it has hired Joseph Ennen, formerly the group vice president for innovation at PepsiCo, to be its new senior vice president of consumer brands.
- CVS Caremark has named Mike Bloom, the company’s senior vice president of merchandising, to be senior vice president of merchandising and supply chain.

In addition, the drug store chain said that Scott Baker, who has been running CVS’s integration of the Longs Drug stores, has been named senior vice president of internal operations and real estate.

CVS also said that Hanley Wheeler, senior vice president of the Central Division, will now add the Eastern Division to his responsibilities, while Dennis Palmer, senior vice president in the Western Division, adds Hawaii to his portfolio.

- Edwin J. Holman, former chairman/CEO of Macy’s Central, has been named the chairman of The Pantry convenience store chain. He succeeds the retiring chairman/CEO Peter Sodini; Terrance Marks, former executive vice president at Coca-Cola Enterprises, was named The Pantry’s new CEO late last month.