



-Week Ending 9/25/09-

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Thanks to MNB
for this selection of
articles.

Coupon Redemption Grows As New Users Adopt New Habits

The *New York Times* reports on the return of the paper coupon, which during recessionary times is being used even by those who normally wouldn't, such as affluent and young shoppers. Research company Knowledge Networks/PDI estimates that coupon use by affluent families was up 13 percent in January-February 2009, compared with the same months the year before, while coupon use by young people was up 14 percent during the same time frame.

"Coupon redemption in America peaked in 1992," the *Times* writes, "at the end of a recession, when 7.9 billion coupons were redeemed, according to Inmar, a coupon processing company. By 2006, that number fell to 2.6 billion and stagnated there through 2008.

"As the economy worsened and consumer sentiment plunged, coupon redemption ticked up 10 percent in the fourth quarter of 2008, compared with the period a year ago — the first jump in coupon redemption since the early 1990s. In the first half of this year, coupon redemption climbed 23 percent. Some 1.6 billion coupons were redeemed, leading Inmar to forecast that more than three billion coupons will be redeemed this year."

Fresh & Easy...& Now Green

Tesco-owned Fresh & Easy Neighborhood Markets said that it has opened its first LEED Gold Certified store, in Cathedral City, California. LEED certification is established by the U.S. Green Building Council and verified by the Green Building Certification Institute (GBCI).

According to the story, "Fresh & Easy's Cathedral City store achieved LEED certification for energy use, lighting, water use and incorporating a variety of other sustainable strategies, such as using 90 percent recycled steel for the building's structure. On average, Fresh & Easy stores use 30% less energy than a typical supermarket and utilize technologies like solar tracking skylights, automatically dimming lights, and LED lighting. Fresh & Easy recycles or reuses all its shipping and display materials and uses environmentally-friendly trailers to transport food. The company is a pilot member of the LEED Volume Certification Program and has invested in a 500,000 sq ft solar roof installation on its distribution center in Riverside, California."





Study: Private Brand Growth Continues

Brand Week reports on a new study from Information Resources Inc. (IRI) saying that "private label unit share has grown to 22.8 percent (up 1.2 points) in the past 12 months. Dollar share has grown 0.7 points to 17.6 percent."

According to the story, "Store brands were most strongly represented in the grocery channel, with a 25.6 percent unit share, followed by Walmart, where they have a 23 percent unit share. Supercenters (22.7 percent) Club stores (17.7 percent), drug stores (17.6 percent) and dollar stores (16.8) followed. But between 2008 and 2009 every channel saw private labels expand both their dollar and unit share.

"Private labels have seen significant growth in categories like shortening and oil, tomato products and ice cream/sherbet between the years 2006-2009. However, in categories where national brands are dominant, such as weight control products, cat food and margarine, store brands have seen their shares drop."

Meijer Extends Grocery Express Service To Chicago Stores

Meijer Inc. announced yesterday that it is extending its Grocery Express service, which "combines the convenience of online shopping with the ease, speed and attention offered by a personal shopper," to its stores in St. Charles and Aurora, Illinois.

The program originally was launched a year ago in Grand Rapids, Michigan, and has been deemed a success. It "allows shoppers to select grocery and health & beauty care products online at www.meijergroceryexpress.com, and have them delivered to their car at a designated location within the store's parking lot. The charge for an individual order is \$6.95. The program also offers a \$24.95 subscription for unlimited orders during a 30-day period."

IRI To Hold Contest Recognizing Frugal Shoppers

Information Resources, Inc. (IRI) has announced a new nationwide video contest, hosted on www.YouTube.com/SavvyCents, to recognize and reward innovatively frugal shoppers.

"The 'Savvy Supermarket Cents™' contest is a way to showcase and reward the hardworking American consumer who knows how to get creative and get the most out of their paycheck," says IRI Consulting & Innovation President Thom Blischok. "We invite people to submit their videos and show us their new habits and rituals when it comes to purchases at the supermarket, club store, mass merchandiser or drug store."

Winners will receive gift cards to the grocery, mass merchandiser, drug store or club store of their choice, courtesy of IRI.

Sansolo Speaks: The Real Story

by Michael Sansolo

Living as I do near Washington, DC, I'm aware that I do not live in a typical part of this country. Forget the incredibly entertaining presence of the federal government and just think about this: our area still does not have a single Walmart Supercenter.

Beyond the retail issues, it's easy to argue that my local newspaper, the *Washington Post*, doesn't represent the mainstream either. And that's why I was stunned recently to see an incredibly clear demonstration of the changing face of retail wars on the pages of the *Post*.



A week ago Sunday I was stopped in my tracks in the *Post's* news section by a bright red, two-page spread ad from Target. The message of the ad was simple: a few months earlier Target asked for suggestions to improve its stores and it wanted to report on the 627 responses it received. The questions were good and the answers complete, offering good explanation or responses to shopper ideas...

Except once I turned the page, it became clear how badly Target had missed, well, the target. Because exactly one page later was a full page ad from Walmart touting "unbeatable prices every day" and featuring a \$12 special on assorted small appliances.

The difference could not have been more startling. Target talked about how they are going to improve the shopping experience; Walmart talked price and value.

It almost seems like piling on to mention the props Walmart got for free later in the same edition, but the reference is too important to miss. That same day the *Post's* auto editor glowingly reviewed the Hyundai Sonata with the following terms: "Hyundai is the Walmart of car companies. It has turned 'value' into a word meaning substantially better than 'cheap.' It has given dignity to the concept of 'bargain.'"

Then later in the article the review wrote: "My hunch is the people at Hyundai studied the people at Walmart to learn how to consistently deliver a higher meaning of value - excellent products and excellent service at an excellent price."

It's impossible to know how many people actually read the auto column, but those who did got a glowing review of value from Walmart.

Obviously, Target couldn't do anything about that and probably couldn't prevent Walmart from getting the ad slot right behind them that day. However, the lesson of the two ads shouldn't be lost on anyone. Think of the message each company got across and then think of the following.

The late Mike O'Connor, the longtime president of Supermarket Institute (FMI's predecessor) and someone who deserved the title industry expert, had one of the best philosophies for business that I have ever heard. Mike would say: "Less of how it came to be and more of what it means to me."

In short, talk about what matters to the customer, not how hard it was to make it happen. It occurs to me that the Target/Walmart ad comparison played that beautifully. Target, one of the best companies around at building customer loyalty, this time talked about process in hoping to make a case; Walmart shouted them down with value. One talked about what it took to be; the other about what it means to me—the customer.

I bet we know how this fight turns out. Think about your messages.

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Spartan Develops New Nutritional Labeling System

Michigan-based Spartan Stores said yesterday that it has launched a new program called The Nutrition Guide through its West Michigan banners, D&W Fresh Markets and Family Fare Supermarkets. More than 16,000 products will be clearly identified with a color-coded labeling system, indicating:

- Low fat (orange label)
- Low sodium (tan)
- High fiber (teal blue)
- Gluten free (green)
- Sugar free (purple)
- Low calorie (yellow)



Products that are low in fat, low in sodium, and high in fiber also will be identified with a heart label indicating they are "heart friendly."

Spartan says that the guide could soon be expanded to more Spartan stores, including Felpausch, Glen's Market and VG's Food.

The *Kalamazoo Gazette* notes that the new program competes with the NuVal system that was adopted by Meijer earlier this year.

FastNewsBeat

- *Crain's New York Business* reports that discount chain Aldi is building its first store in Queens, New York, expected to open early in 2010. Burt Flickinger III tells *Crain's* that the company is likely to expand quickly in New York: "They shake up a market. And they don't come in with just one store. They'll open five, then 10 and 15."
- In western New York State, the *Democrat and Chronicle* reports that Wegmans Food Markets "has been named a finalist for a national award from the U.S. Chamber of Commerce recognizing companies that combine business success with community leadership." There are four other finalists; the winner will be announced on December 1.
- The Food Marketing Institute (FMI) and GS1 US announced yesterday the launch of Rapid Recall Exchange, an online service to enable prompt and accurate information exchange between retailers/wholesalers and suppliers about food and product recalls and withdrawals. It replaces an existing recall system, the Product Recall Portal, by improving ease of use and adding significant capabilities.

"This will benefit the public. It is a system designed by the industry and for the industry, which applies best practices and critical insight and expertise from industry partners and associations," says Leslie G. Sarasin, FMI president/CEO.

"It employs the same GS1 global standards that these companies already use to identify their products, stock their shelves, and accelerate checkouts," says Bob Carpenter, CEO of GS1 US. "Its ease of use and extensive functionality can improve the speed and accuracy of recalls, which we all want."

The MNB Wal-Mart Watch

- Walmart reportedly has agreed to pay \$3 million to settle allegations that some of its Massachusetts store managers forced some employees to work through meal breaks or take less than the required 30 minutes – which would be violations of state labor laws.

The state Attorney General's office said that Walmart had cooperated fully with the investigation, and Walmart said that it was happy to have resolved the case.

- Walmart announced yesterday that its Sam's Club division will begin offering free technical support for members with consumer electronics issues – even if they did not buy the products at a Sam's Club.

Sam's also reportedly will offer home delivery for fees starting at \$50, and installation services beginning at \$89.



Executive Suite

- Rite Aid Corp. announced that it has promoted Robert I. Thompson, senior vice president of pharmacy operations, to be the company's new executive vice president, pharmacy.

In addition, Bill Wolfe, formerly group vice president for managed care and government affairs, has been promoted to senior vice president, managed care and government affairs.

- Rite Aid Corp. announced yesterday that Ernie Richardsen, a 17-year pharmacy industry veteran, has been promoted to Group Vice President, Pharmaceutical Purchasing and Clinical Services. Richardsen most recently served as Rite Aid Vice President, Pharmacy Programs and Clinical Services.