



-Week Ending 9/26/08-

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Thanks to MNB
for this selection of
articles.

Walmart's Goal: Cut Plastic Bag Usage By One-Third

Dow Jones reports that Walmart announced yesterday that it plans to cut by one-third its use of plastic bags in its stores. The goal is to eliminate plastic waste that is the equivalent of nine billion bags per year, and is part of the company's broader goal to reduce waste by 25 percent in its US stores and by 50 percent in its international stores.

The announcement was made by Walmart senior vice president for sustainability Matt Kistler at the annual meeting of the Clinton Global Initiative in New York.

The story says that "Walmart estimates it has already sold enough reusable bags in the U.S. since October of last year to eliminate the need for one billion plastic bags."

First Jewel-Osco Store Features Rainbow Of Food Offerings

Supervalu-owned Jewel-Osco opens its first "green store" today, a 65,000-square-foot unit in the Fulton River District neighborhood, which includes the following elements:

- A highly reflective and heat emissive LiveRoof system, incorporating vegetation, which will reduce energy consumption for heating and cooling.
- Use of building materials with recycled content, obtained within a 500-mile radius in order to reduce transportation needs.
- Energy-efficient heating, ventilation, and air conditioning systems, including temperature monitors that sense the need for more heating or cooling based on the number of people in the store.
- Strict attention to the recycling of 98 percent of construction debris.





- Water-saving fixtures, energy-efficient lighting, use of non ozone-depleting refrigerants in cooling equipment, and refrigerant leak detection monitors.

Jewel-Osco said that it plans to seek Leadership in Energy and Environmental Design (LEED) certification for the store.

The *Chicago Sun-Times* this morning reports that other features in the store include:

- "Jewel-Osco's first in-store dietician to help shoppers pick healthy foods, a wine steward to help choose wines, a chef to prepare anything from a sandwich to a meal, and a full line of Wild Harvest organic foods."
- "The store's 'Shop the World' section is up front, featuring a selection of locally sourced goods such as Mike Ditka's Hall of Fame salsa and Earth's Best organic baby food."
- "There's an olive bar that sells 12 kinds of olives and a Peruvian pepper that tastes sweet at first and then kicks in a mild burn. The bakery features 25 kinds of pastries -- including the Passion City Torte with the Chicago skyline on the outer circle of the cake. The CK Grill, an on-site kitchen, offers ready-to-go meals such as penne with shrimp and pesto sauce, Italian pinwheel sandwiches and fresh banana bread pudding."

Strategies For The End-Of-Year Holiday Shopping Season

Business Week has a piece about "How Small Stores Can Lure Holiday Shoppers," which suggests what independent merchants need to do to weather what is expected to be a challenging end-of-year holiday shopping season.

"Call it a customer service Christmas," *Business Week* writes. "Consumers are expected to rein in spending this year, and the retail climate favors big-box stores that can offer bargains. But because small retailers can't win price wars, experts say independents need to leverage their biggest advantage over the chains: personal relationships with customers and the ability to deliver superior service. With some economists predicting one of the weakest Decembers since 1991, retailers that falter could face a cold winter."

The specific recommendations made by *Business Week* include:

- Small retailers need to make sure that they identify and cater to their best customers, possibly through affinity discounts that encourage loyal shoppers to spend more. This is the wrong time, experts say, to spend a lot of time and money looking to attract new customers.
- "Keep inventories lean to keep costs down," and control costs through efficient and effective staffing levels.
- Be sure to coordinate strategies employed in the brick-and-mortar location and the business's website. They should reinforce each other, not work at cross-purposes.



First Walmart Small Stores To Open October 4

Walmart reportedly has scheduled the opening of its first four Marketside stores in the Phoenix, Arizona, area for October 4.

The 15,000 square foot stores, which Walmart has said will offer convenient fresh foods and prepared meals for time-constrained consumers, are positioned – both geographically and thematically – to compete directly with Tesco's Fresh & Easy Neighborhood Markets, which has 78 units currently operating in Arizona, Nevada and Southern California.

The Marketside format does not carry the Walmart name, a first for the world's largest retailer.

Holiday Sales Forecasts Not Looking Very Merry

The National Retail Federation (NRF) released a forecast this week saying that the current economic "turbulence and anxiety," combined with high gas and food prices, is likely to result in weak end-of-year holiday sales that will increase just 2.2 percent over last year, to \$470.4 billion. This figure would be half the ten-year average sales gains for the November-December period.

According to the *Washington Post* story about the forecasts, "Merchants have also scaled back holiday inventories and seasonal sales staff from a year ago. The challenges are compounded by a holiday season that has five fewer days between Thanksgiving and Christmas Day than in 2007, which could make consumers delay their buying."

Sansolo Speaks: Dinner Time

by Michael Sansolo

In the never-ending battle for share of stomach, there's always been a challenge I felt supermarkets should pose.

Give a shopper one minute to order a pizza by phone from Dominos, Pizza Hut or whoever. Then let them grab any pizza out of the frozen, refrigerated or dairy case and put it in an oven. And 30 minutes later ask a series of questions:

Which was cheaper? I'm betting the supermarket variety wins this hands down.

Which was ready to eat faster? This may be a tie, but again in a majority of cases the supermarket pizza will win.

Which was more nutritious? This one will be impossible to battle. Because the supermarket pizza will come loaded with nutritional information. The delivered pizza isn't likely to have that.

Which tastes better? Given the vastly improved quality of meal products in the supermarket, this one should be an easy win too.

In other words, it's a win.



And in short, it's why supermarket operators should be looking at the current economic climate with unbridled optimism. Now, sure I understand how the tough economy is impacting us all. It is plainly apparent from financial reporting by retailers and suppliers these days that profits are being pinched hard by rising costs and a well-founded reluctance to pass all the hikes onto increasingly budget minded shoppers.

So where is the optimism?

Look at the pizza example above and think of all the things shoppers tell us are most important these days. It comes down to money, feeding their family, eating more nutritiously somehow with less time than ever and somehow making it all taste good.

Ergo, the pizza. Because in these challenging times we can demonstrate to shoppers how well aligned we are with their needs and wants. Perhaps, and I know this is radical, we can bring them back to the home dinner table when they realize how good and easily food can be put on the table.

It's a lesson we shouldn't have to repeat constantly, but reminders are necessary. And this is the perfect time to discuss this given that yesterday was the annual celebration of Family Meal Day. You might recall Family Meal Day is a holiday created at the suggestion of the Center for Addiction and Substance Abuse at Columbia University. That's the group that went looking for insights into dangerous behaviors among teenagers and came back with a stunning finding:

Children who eat at home with their families a majority of nights during the week have lower rates of cigarette smoking, eating disorders, and alcohol and substance abuse. And they have higher grades and friends who have similar traits. In short, it makes a powerful case for family mealtime at home.

The idea couldn't be more tailor-made for this industry, but you wouldn't know if from the lack of activity around Family Meal Day. The industry should not only push it as an annual holiday, it should push it weekly. The importance of family meals should be getting shouted from the mountains, but it isn't. It isn't even getting whispered.

Now, I have talked about this issue for years and always have been disappointed that beyond Subway and its ubiquitous eater, Jared, I never saw these kinds of messages. That was until a recent Sunday morning. There on television was a woman talking about preparing a pizza at home. The voiceover talked about the cost of doing that each week compared to buying from a restaurant and totaled up the savings impact of one pizza a week.

The total saved in a year: \$312.

The company running the ad: Walmart.

I wonder: Does it make sense now?

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Eating At Home Trend Traceable To Economic Woes

Advertising Age reports that any sales increases being experienced by supermarket retailers and packaged foods manufacturers this year are largely due to price increases – for example, the Food Marketing Institute (FMI) says that the average grocery bill is up five percent this year compared to a year ago.

The story also notes that anecdotal evidence suggests that while people may be eating more at home, they are not necessarily cooking more, which explains why prepared meals and items like cereal and macaroni-and-cheese may be doing better than ingredients when it comes to sales improvements.

Eat-At-Home Trend Drives Sales Beyond The Supermarket

CNN reports that the high price of eating out – not to mention driving to restaurants – has created a national trend toward cooking and eating at home. According to Ohio-based BIGResearch, roughly 45 percent of Americans are eating out less this year to save money, a nearly 12 percent increase from 2007.

However, this isn't just helping supermarket sales.

"After years of eating out, many people have found they don't have a pot to cook in or a cookbook to guide them," *CNN* reports. "The sudden rush to buy basic cooking necessities has driven up sales of cookbooks, inexpensive cookware and the basic foods needed to concoct a meal. And cooking magazines and Web sites are booming even as magazine sales overall have suffered."

The booming sales of cookware that costs less than \$100 suggests that many of the people now choosing to eat at home are younger, less affluent shoppers.

FastNewsBeat

- In Minnesota, the *Star Tribune* reports that the nine-store Kowalski's chain plans to add a wine and liquor department to its new Eagan store, and if the transition goes well, the company will add this segment to seven other units. (The Eden Prairie store cannot have a liquor department because local laws require the city to operate such stores.)
- The *Business Journal of Milwaukee* reports that MillerCoors plans to roll out a new 16-ounce, re-sealable aluminum bottle for its Miller Lite brand this fall in the Midwest and South.
- The *Orlando Business Journal* reports that Publix Super Markets wants to build a new 970,000 square foot warehouse and distribution center near the Orlando International Airport, noting that "Publix appears to be one of the few companies looking to expand warehouse space at a time when most companies are backing away from projects."
- The *Birmingham Business Journal* reports that Publix Super Markets "opened its first Alabama store south of Montgomery last week, after more than 10 years in the state's grocery market. The supermarket chain opened a 54,000-square-foot store in Orange Beach and plans to open another in nearby Fairhope next year."

The *Journal* notes that Publix is opening 45 new stores this year in Alabama, Florida, Georgia, South Carolina and Tennessee, 30 of which have already opened.



- The *Irish Examiner* reports that Musgrave, which already owns the Supervalu brand in Ireland, is one of the companies competing to acquire Superquinn from Select Retail Holdings (SRH), which itself acquired the legendary Irish retailer three years ago. However, the paper suggests that despite the claims by SRH that it has no interest in selling the company – though it is willing to listen to offers – Musgrave is competing with several British retailers pursuing Superquinn.

The MNB Wal-Mart Watch

- The *Chicago Sun-Times* reports that Walmart representatives continue to look for new sites in the city of Chicago, though they say that no specific locations have yet been identified.

The story follows the report earlier this week that Mayor Richard Daley had said that the city had to get out of the way and allow food retailers to open stores in underserved neighborhoods...which is not what happened when the City Council prevented Walmart from opening just such a store in just such a neighborhood last year.

The biggest problem, of course, is that Chicago is a pro-union city...and Walmart is an assiduously anti-union retailer.

- The *Boston Globe* reports this morning that the Massachusetts Supreme Judicial Court has reinstated a class-action lawsuit against Walmart, "ruling that a lower court judge was wrong to throw out the case filed by 67,500 workers who claim they were denied meal breaks and forced to work off the clock. The lawsuit was decertified in 2006 when a Middlesex Superior Court judge ruled the employees had no right to seek compensation for meal breaks, which are unpaid. The judge also ruled the plaintiffs could not use testimony by Martin Shapiro, a statistics expert who interpreted Wal Mart's time-keeping records and other reports for the employees."

According to the story, "The lawsuit resembles cases filed against Wal-Mart across the country. The class-action suit began in 2001 when two former Wal-Mart employees filed a complaint on behalf of former and current employees at 47 Wal-Mart stores around Massachusetts. They alleged they were denied breaks and inadequately compensated for all of the hours they worked. In 2004, a Superior Court judge certified the case as a class-action lawsuit."

- Published reports say that Walmart plans to open its first cash-and-carry store in India next year. The company's Indian operation are a joint venture with Bharti Enterprises, an arrangement mandated by Indian law, which does not allow companies from outside the country to wholly own retail businesses.
- Published reports say that Walmart is considering opening stores in Sweden, the first time it will have moved into this part of Northern Europe.

Walmart executives are not confirming or denying the report.

The Balance Sheet

- Rite Aid announced a second quarter loss of \$222 million, compared to a loss of \$78.2 million during the same period a year ago. Q2 sales dropped one percent to \$6.5 billion from \$6.57 billion a year ago, with same-store sales up 0.6 percent.



Executive Suite

- Whole Foods Market announced that its Southern Pacific Regional President, Michael Besancon, has been promoted to the newly created position of Senior Global Vice President of Purchasing, Distribution and Marketing.
- Walgreen Co. has hired Kim Feil, senior vice president and chief marketing officer for Sara Lee North America, to be its new vice president and chief marketing officer.
- Western New York-based Tops Friendly Markets announced the hiring of Gerald McGettigan, the former director of merchandising accounting at Pathmark Stores, to be its new director of accounts payable.
- Golub Corporation/Price Chopper Supermarkets announced that Janice Brown, a store manager in the company's Middletown, NY, store, has been promoted to the position of Zone Director reporting directly to Jody Plonski, Regional Vice President.