



-Week Ending 10/16/09-

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Thanks to MNB
for this selection of
articles.

7-Eleven Gets The Hots For Foodservice

The *Dallas Morning News* reports that c-store giant 7-Eleven is ramping up its hot food program in the Dallas market, adding "items such as pepperoni pizza and chicken wings to 115 Dallas-area stores.

The reason? Simple...it's because consumers crave convenience, and that means a better level of hot prepared foods, and because 7-Eleven realized that "food service is our future."

Reporting In: Day Two Of FMI's Future Connect Conference

DALLAS - Author and futurist Tamara Erickson, in what many thought was one of the best sessions at the Food Marketing Institute Future Connect conference, offered a view of the coming collision of five generations in the workplace, explaining the unique circumstances that shaped those born in the World War II era, the post-war boom, the Xers, Ys and the post Y generation.

Her key point was this: While we all have different backgrounds, we have to learn to co-exist. And central to that realization is the notion that people of different times aren't wrong in their attitudes...just different.

One key example: While Baby Boomers hear the phrase "we'd like you to move to corporate HQ" as a positive that probably means a promotion, Generation Xers see it entirely differently - as a disruption to their lives that is not welcome. Understanding that difference - and adapting to it within the boundaries of a corporate culture - is key to surviving in the 21st century and beyond.

In other Future Connect news...

FMI announced the Grand Prize winners of the 10th Annual Store Manager Awards:

- Bob Gillick, store director of a ShopRite Supermarket in Yonkers, NY — Category A, companies with 1-49 stores.
- Henry Falcon, manager of the Sweetbay Supermarket in Plant City, FL — Category B, companies with 50-199 stores.
- Jeff Barricks, manager of a Safeway store in Corvallis, OR — Category C, companies with 200 or more stores.





Reporting In: Connecting With The Future

Notes & Comment from The Content Guy

DALLAS - It is a much exploited of science fiction writing that the universe in which we live may be just one of numerous realities, and that in those various alternatives, there are multiple futures that may or may not play out the same way ours does.

This literary conceit - which may or may not be scientifically accurate - was on my mind yesterday during the first day of the Food Marketing Institute (FMI) Future Connect conference here, postponed from last May because of concerns at the time about a H1N1 flu pandemic. Most of the sessions that I attended at the education-oriented event implied that there are two possible futures for the food industry.

There's one version in which companies are led by compassionate, modest, yet driven leaders, staffed by diverse and committed employees, selling healthy and nutritious food, and focused on a strategic vision of the future in which retailers are highly relevant to their customers. And then, there's the other version...in which the paths laid out by speakers are seen as well-intentioned but too hard or too improbable or too long-term to be applicable, and nothing changes.

Some moments from the day's sessions:

Tim McGuire, a director at McKinsey & Company, told a general session that while 72 percent of consumers are looking to save money, it remains critical for retailers to "compete beyond price," a strategy that can include a strong and loyalty-inducing private label program, a commitment to fresh foods, and format innovation that responds to differentiated consumer insights.

Knight Kiplinger, editor-in-chief of the Kiplinger family of financial publications, urged senior executives in attendance to practice ethical leadership that does not create pressure on employees to use questionable practices to meet financial targets, and that avoids excessive executive compensation. "Everybody needs to have some proportional ability to share in the success of a company," he said, criticizing current practices that in some cases awards CEOs salaries and benefits that are 300 times the level of the average employee. An ethical leader, he said, "inflicts on others no pain or sacrifice that he has not already inflicted on himself...an ethical CEO cuts his own pay earlier and deeper than anyone else in the company."

"I've never scored a point for the University of Tennessee women's basketball team, and we have 1,005 wins," said Lady Vols coach Pat Summit in urging executives to both be smart coaches and respectful of team contributions as they lead their companies.

In a breakout session on health and nutrition moderated by yours truly, author Dr. Wendy Bazilian and Karen Buch, director of lifestyle initiatives for Weis Markets, told attendees about how - by using super foods and super spices - they could create healthier meals and educate shoppers about how to cook and eat more intelligently. The consensus in this session was that this is as much a marketing issue as a health problem - that retailers need to be more aggressive about explaining healthy solutions to consumers in easy-to-understand and actionable terms.

Rob Bell, president of Focus Consulting, stressed to his breakout session the importance of mentoring in an industry where dramatic consumer shifts and demographic changes create a need for more relevant and informed leadership.

In a session on "The Path To The Executive Suite," in which CEOs including Ric Jurgens of Hy-Vee and Don Knauss of Clorox agreed that the qualities needed in the corner office is an ability to give let other people get the credit, having a sense of compassion, but also maintaining a fire in the belly for competition and winning.

And, in the annual "FMI Speaks" presentation, FMI CEO Leslie Sarasin stressed the importance of continued growth and education: "You are here because in spite of this (economic) downturn, you see a chance to raise the quality of your most importance asset - your human capital. You are emphasizing how important it is to learn. We are here because as we address leadership development and training today, tomorrow and into the future, we will better be able to retain our promising future executives once the economy begins to turn around. And you see that as a competitive advantage."





But implicit in all these urgings and admonitions was the idea that chains have a choice - they can practice enlightened leadership, or they can fall back on traditional methods of management that may be both inappropriate and inadequate for 2010 and beyond.

Walmart Invests In HBC Home Delivery Model

Walmart announced yesterday that it has begun selling a number of HBC items online and providing home delivery.

According to the announcement, the items offered include "a wide assortment of personal care products" such as vitamins and diapers, as well as over-the-counter medications.

"Customers have long trusted Walmart to provide the best values on health and beauty brands in our stores, and now customers can also access these savings online at Walmart.com with the convenience of home delivery," said Kelly Thompson, Walmart.com's chief merchant, in a prepared statement. "By offering savings on our customers' favorite health and beauty items online and in our stores, we can better help our customers shop the way they want."

Until now, Walmart has generally restricted its home delivery to items such as electronics and furniture.

The Downturn That Must Not Be Named

AdWeek has a story about a new poll suggesting that consumers prefer advertising that does not refer to the recession; only 23 percent of those questioned said that such references make the brand seem more realistic.

About 27 percent of those polled said advertising references to the recession are manipulative, and another 12 percent said they are depressing. Almost 40 percent said they have no opinion.

Sansolo Speaks: "Modern Times"

by Michael Sansolo

DALLAS - It's hard to imagine a toy that is simpler than a yo-yo. Basically you have a length of string loosely attached to the axle between two discs. Yet, thanks to physics that I don't understand, you can do wonderful things with a yo-yo.

Apparently you can also do *great* things to a yo-yo. A decade back, when my kids were younger, technology changed the yo-yo. Called something like "the brain" the yo-yo gained intelligence that would allow it to gauge when the spinning discs were slowing and magically the yo-yo would rise back up the string.

Raising children these days is a lesson in ever advancing technology and humility. I easily remember when my kids' proficiency at video games dwarfed mine. (They were very young.) More importantly, I remember them getting the latest in graphing calculators that allowed them to take mathematics to places I couldn't comprehend.

It's easy for us to say the younger generation has it easy and I often did. I'd explain how I worked with a slide rule and, in retrospect, I probably sounded like an old crank. Plus, I was wrong. Sure, they have tools that were unimaginable a generation - heck, even a decade ago - but those tools have also come with challenges. Today's young adults have the ability and challenge to raise their game to an entirely different level. Simply put, it's a difficult new world.

I'm getting a taste of that this week at the food marketing Institute (FMI) Future Connect conference, a project geared at building skills for the next generation of leaders in the food industry. (If you haven't seen this full disclosure before, let me say it again: I have a huge bias on this issue. I helped FMI conceive and plan the entire meeting and I'm currently in Dallas helping FMI run it.)



Management's challenge as we move into the next decade - amazingly, the *second* decade of the 21st century - is much like mathematics with a graphing calculator: it is a mix of the old and the new. The old is pretty straight forward and as challenging as ever. Tomorrow's leaders, much like today's and yesterday's, have to master a range of skills as managers. They have to learn to hire, to train and to mentor. They need to master feedback, communication and decision making. And, of course, they need to learn flexibility to make their skills constantly fit the changing needs of the market, the competition, the workforce and the times.

That's just the beginning. As students traverse the Future Connect agenda they are also learning about the emerging skills that promise to challenge them daily into the future.

For instance, they have to learn to master the new forms of communication to both employees and customers. *Ad Age* reported recently on the growing power of independent tweets and blogs to influence the success and failure of movies to a larger extent than traditional reviews. No doubt every business and every manager will learn this truth too. It's now on the agenda.

They'll have to learn to master the intricacies of complex issues such as food safety, nutrition and the changing value equation. They'll need to understand the shifting tastes and fashions of every day to make sure their business is current, relevant and important. And they'll need to master issues many of us today cannot even conceive of, much as we couldn't have predicted so much in the past.

It's a challenge that's not for the weak. Lucky for me, I get to travel to many meetings at many companies, where I'm getting to see the beginning of a generational shift. Though it bothers me that I recently had an audience more conversant with Miley Cyrus than Led Zeppelin, the truth is that shift is overdue.

Hopefully as these new leaders come along, we Baby Boomers can teach them about management skills and they can help us understand the new tools. Together we'll do better.

And maybe I'll finally get this stupid yo-yo to work.

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A Fresh Perspective On American Food Habits & Needs

The *New York Times Magazine* yesterday published its annual food issue, offering a number of interesting pieces about America's approach to food:

- There is a profile of British chef/author/restaurateur Jamie Oliver, who is bring one of his pet projects to Huntington, West Virginia, part of an area that has been designated as the least healthy part of America, based on data compiled by the US Centers for Disease Control and Prevention (CDC).

"Nearly half the adults in these five counties (two in West Virginia, two in Kentucky and one in Ohio) were obese, and the area led the nation in the incidence of heart disease and diabetes. The poverty rate was 19 percent, much higher than the national average. It also had the highest percentage of people 65 and older who had lost their teeth — nearly 50 percent.

"All of which makes Huntington the perfect setting for the next Jamie Oliver Challenge ... this British celebrity chef has made it his mission in recent years to break people's dependence on fast food, believing that if they can learn to cook just a handful of dishes, they'll get hooked on eating healthfully. The joy of a home-cooked meal, rudimentary as it sounds, has been at the core of his career from the start, and as he has matured, it has turned into a platform."



Oliver made a well-publicized effort to change the way British school children eat, to missed results – while some got it, others pushed back: “What’s really happening is about more than old habits dying hard or the love of frying. The reason the world is still waiting for the Messiah is that most people don’t actually want one, no matter how many fresh fruits and vegetables he’s carrying. Oliver expects some of the same pushback in Huntington, whether it comes from recalcitrant teenagers, petty bureaucrats or parents who don’t like being told they’ve failed. It remains to be seen whether the contest between being threatened and resentful versus forthright and true can trump the American intoxication with show business: will this much-maligned area let a Member of the British Empire play Pygmalion and win?”

But here’s where Oliver’s approach to cooking and food is refreshing: “Oliver cooks and eats all kinds of meat and feels free to use butter, cream and cheese, in sane amounts. He is not a diet cop; he’s about scratch cooking, which to him means avoiding processed and fast food, learning pride of ownership, encouraging sparks of creativity and finding a reason to gather family and friends in one place. If you can make pancakes or an omelet, a pot of chili or spaghetti sauce and know how to perk up some vegetables, you can spend less and eat a more healthful meal that’s delicious.”

- Columnist Mark Bittman has a piece about online grocery shopping, and where he’d like to see this technology go:

“The one time I tried shopping online I was sent a free watermelon — how does that happen? — but that didn’t make up for the even-less-than-supermarket quality of the food. This is my fantasy about virtual grocery shopping: that you could ask and be told the provenance and ingredients of any product you look at in your Web browser. You could specify, for example, ‘wild, never-frozen seafood’ or ‘organic, local broccoli.’

“You could also immortalize your preferences (‘Never show me anything whose carbon footprint is bigger than that of my car’; ‘Show me no animals raised in cages’; ‘Don’t show me vegetables grown more than a thousand miles from my home’), along with any and all of your cooking quirks (‘When I buy chicken, ask me if I want rosemary’). You would receive, if you wanted, an e-mail message when shipments of your favorite foods arrived at the store or went on sale; you could get recipe ideas, serving suggestions, shopping lists, nutritional information and cooking videos. If poor-quality food arrived — yellowing broccoli, stinky fish, whatever — you would receive store credit without any hassle. You might even, I suppose, be able to ask the store to limit the amount of impulse purchases that you make — forget that second pint of Ben & Jerry’s or those Cheez-Its you have trouble resisting.

“These are services I’d be willing to pay for. And suppose this online grocer also sold precut or preseasoned vegetables, meat, fish and so on that were made with high-quality ingredients. (Surely I’m not alone in believing that the worst carrots are selected to be formed into “baby” carrots or that premarinated meats feature not only inferior meats but also inferior seasonings.) Maybe I could order my precut broccoli to be parboiled for two minutes, shocked, tossed with slivered garlic and packaged with a lemon. It would be ready for me to refrigerate until I’m ready to eat, and then, in five minutes, I could sauté, dress and put it on the table.”

- And Michael Pollan had a short piece in which he published readers’ suggestions of rules for eating well, many of them passed down through the generations. Among the best:

“Never eat something that is pretending to be something else.”

“Eat foods in inverse proportion to how much its lobby spends to push it.”

“After spending some time working with people with eating disorders, I came up with this rule: ‘Don’t create arbitrary rules for eating if their only purpose is to help you feel in control.’ I try to eat healthfully, but if there’s a choice between eating ice cream and spending all day obsessing about eating ice cream, I’m going to eat the ice cream!”

“It’s better to pay the grocer than the doctor.”



Stater Bros. Uses Price Cuts, People Skills To Navigate Downturn

In California, the *Sun* reports about how Stater Bros. has managed to navigate the recession. Last January, CEO Jack Brown cut prices on 4,000 SKUs – and within six months, data showed, 1.9 million new customers had begun shopping at Stater. “When we saw that trend I ordered another 6,000 prices cut, and that’s where we are today and our customer counts are ever higher,” Brown tells the paper.

However, Brown also points to the company’s reputation for great employees and customer service as being critical to its success: “They cannot match our people. When you go into our stores you will see the nearest, cleanest professional of any store in Southern California. It’s kind of a secret weapon. The quality of the Stater Bros. family member is the secret to our success.”

It is a success that has kept Stater alive and vital for almost three quarters of a century, and, as Brown notes, “There have been 20 major chains leave (Southern) California, or sell or merge during the history of Stater Bros.”

FastNewsBeat

- The *Courier Post* reports that Safeway-owned Genuardi’s has joined the long list of food retailers that are reducing prices, with cuts on a wide range of items that mimic what Safeway has been doing elsewhere in the company. A Genuardi’s spokesman tells the paper that the company is maintaining its profitability by negotiating better prices with manufacturers and by finding labor and energy efficiencies in-store.

Numerous published reports say that Sara Lee Corp.’s board of directors has agreed, under pressure from a pension fund with holdings in the company, to split the jobs of CEO and chairman. According to the stories, CEO Brenda Barnes will give up the chairman’s title when her current tenure ends, and an independent chairman will be recruited.

The MNB Wal-Mart Watch

- In Santa Rosa, California, the *Press Democrat* reports that “Wal-Mart has begun eliminating disposable shopping bags at its Ukiah store and two others in California, a move that environmentalists hope will spread nationwide and lead to the demise of the bags that are clogging landfills and littering highways and oceans ... The pilot programs will continue through 2010 and determine whether Wal-Mart expands the program to all of its U.S. stores.”

“We’re committed to reducing the plastic bag waste by one-third by the end of 2013. This test could help,” said Wal-Mart spokeswoman Amelia Neufeld.

The *Wall Street Journal* reports that Walmart plans to “expand Tracfone Wireless Inc.’s ultracheap Straight Talk cellphone service nationally, in another illustration of the pricing decline at the low end of the wireless industry.” The service “offers a monthly plan for as low as \$30 and an unlimited-access plan—including text messages and mobile Web access—for \$45 a month ... The retailer’s cellphone pilot program that began last summer in 234 stores was successful, said Wal-Mart, and the company has worked quickly to make the plans available before the holiday.”

The Balance Sheet

Safeway said that its third quarter earnings were down 35 percent to \$128.8 million, from \$199.7 million during the same period a year earlier. Q3 revenue was down seven percent to \$9.46 billion.

CEO Steve Burd told analysts yesterday that he believes the economy is improving, which should be good for Safeway, because customers are starting to buy more lattes and premium wines; when the recession started, he said, people switched to regular coffee and cheaper vintages.

- Wal-Mart de Mexico announced that its third quarter net profit was up 18 percent to the equivalent of \$290 million (US), on sales that were up 11.9 percent to \$4.84 billion. Q3 same-store sales were up 4.7 percent.



Executive Suite

- *Marketing Daily* reports that Dunkin' Donuts has named John Costello - formerly the EVP of merchandising and marketing at The Home Depot, senior EVP of Sears, chief global marketing officer of Yahoo, and president of Nielsen Marketing Research US - to be its new chief global customer and marketing officer.
- Winn-Dixie announced that Robert Mould, most recently the vice president of category management - center store for Bi-Lo, has been named its new vice president of grocery.