

-Week Ending 1/27/12-

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Thanks to MNB
for this selection of
articles.

Dollar Stores Keep Growing, But Prices May Not Be Main Driver

Smart Money reports that while “it's been a rough sled for retail ... the dollar-store business is growing like crazy. The national chains are drawing higher-income shoppers, reporting record profits and opening new stores on a daily basis. Dollar General, with more than 9,800 locations, is now the nation's largest retailer by store count. Middle-class shopping centers used to shun the discounters, says John Tomlinson, an analyst at ITG Investment Research. Today they're courted as one of the few options for filling vacancies.”

The irony, the story says, is that the dollar store companies concede that they all sell most of their merchandise for more than a buck, no longer specialize in just closeout deals and manufacturers' seconds, and often cannot beat Walmart on price.

So why are they successful? Tomlinson tells *Smart Money* that he believes that “folks are so broke and so busy that they can't afford the gas and time required to shop big-box discounters on the edge of town. Your typical dollar store, meanwhile, is close to home and a tenth the size of your average Wal-Mart. Most shoppers spend just 10 minutes and 10 bucks in the store. In 2012, this is how we prefer to shop.

“In coming years? The dollar stores plan to double their store count, a sign that economic recovery is far, far away. So go ahead and cry. There's surely a dollar box of single-ply tissues selling at a convenient location near you.”

Wegmans, Whole Foods, Publix Make Annual List Of Best Workplaces

Fortune is out with its annual list of the 100 best places to work in the U.S., and once again a number of retailers made the list - with Wegmans ranked highest in this segment at number four overall.

Other retailers on the list include REI (# 8), Zappos (# 11), The Container Store (# 22), Whole Foods (# 32), Nugget Market (# 34), Nordstrom (# 61), QuikTrip (# 66), Starbucks (# 73), and Publix (# 78). Wegmans, REI, Whole Foods, Nordstrom and Publix have been on the list every year since it first ran in 1998.

Google is ranked atop the list.

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Walmart Makes Major Executive Changes, Names 1st Woman To Run Sam's

Walmart announced on Friday that Brian Cornell, who has been running its Sam's Club business since 2009, is leaving the company, and will be succeeded by Rosalind Brewer, who has been serving as president of Walmart's Eastern U.S. business unit. Brewer is the first woman to be named as CEO of one of the company's three major business units.

The *Wall Street Journal* notes that under Cornell, Sam's "has been doing well, seeing steady same-store sales growth while Wal-Mart U.S. has been struggling to grow its comparable-store sales." Cornell had been growing sales by expanding Sam's food offerings and creating a private label for the unit. The *Journal* postulates that by putting Brewer in charge of Sam's, it may be making a statement about even greater emphasis to be put on its membership club business.

Cornell reportedly informed Walmart's management that he and his wife would like to move back to the Northeast for family reasons. "Being part of the Sam's Club family has been a wonderful personal and professional experience, one that I will always value," he said. "I have felt at home here and have a strong connection to the associates, the company and its values and mission. However, after 30 years of asking my family to follow me all around the globe, it is time to put them first. My wife and I want to put down roots in the Northeast and live in the same ZIP code as our children - not just occasionally seeing them in hotels and restaurants."

The company also announced a number of other executive moves:

- Rollin Ford, the company's chief information officer, was promoted to chief administrative officer.
- Karenann Terrell, Walmart's assistant chief information officer, will take over as chief information officer.
- And Gisel Ruiz was promoted to executive vice president and chief operating officer for Wal-Mart U.S. She most recently served as executive vice president of people for Wal-Mart U.S.

Trader Joe's Looks To Mile-High State

The *Denver Post* reports that it looks like Trader Joe's plans to plant a flag in Colorado - the company has registered its business name with Colorado's secretary of state.

The always prescient and reliable Burt Flickinger, of Strategic Resource Group, says that he expects that Trader Joe's could have 15 stores there within five years and 25 stores within seven to eight years.

"Colorado is a perfect market for them," Flickinger tells the *Post*. "There is a newer strategic shift by Trader Joe's to open stores close to major public and private higher-education institutions, and Colorado has those in Boulder, Denver, Fort Collins, Colorado Springs, Durango and elsewhere."

Bottom Dollar Schedules 14 Pittsburgh Openings

Delhaize-owned Bottom Dollar Foods has announced the opening dates for its first 14 Pittsburgh stores, with seven scheduled to debut on Thursday, January 26, with appearances by a range of Pittsburgh Steeler football players (who have nothing else to do at the moment). Seven more stores are slated to open on Thursday, Feb. 9.

The company has 29 stores in Pennsylvania and New Jersey, and will soon open its first stores in Ohio. After the 14 grand openings in January and February, Bottom Dollar Food will operate 43 stores in three states.

"We look forward to opening our doors to the greater Pittsburgh and Youngstown, Ohio, communities over the next several weeks and bringing a new grocery option to consumers," said Bottom Dollar Food President Meg Ham in a prepared statement. "Customers will find Bottom Dollar Food unique because we offer unbelievably low prices, carry quality private brands and the national brands that matter most, and offer a meaningful, efficient assortment of fresh

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produce and meat. Additionally, our associates provide our customers an energetic and lighthearted shopping experience."

Office Depot To Test PayPal's New In-Store System

The *Chicago Tribune* reports that Office Depot is testing a new PayPal in-store point-of-sale system in a few of its stores. The announcement follows a similar announcement that Home Depot is testing the new PayPal system in 51 of its units. And PayPal has said it plans on having the service working in some 20 brick-and-mortar retailers by the end of the year.

According to the story, "PayPal's 'wallet in the cloud' initiative lets shoppers who have a PayPal account pay by simply typing their mobile numbers and PINs at checkout counters. They can also pay by swiping a PayPal card and entering a PIN."

Sansolo Speaks: Life's a Niche by Michael Sansolo

One of my favorite business quotes of all time came from Willie Sutton who, when asked why he robbed banks replied, "That's where the money is."

We've all heard this thousands of times: success in today's competitive marketplace demands a difference. Every product, store, service and individual needs a point of distinction to help them stand out from the crowd. You need to understand the value proposition of that niche and serve it with excellence. Fail to deliver on those factors and success is hard, if not impossible to come by.

But let's add an important corollary: a niche doesn't matter unless it's big enough to warrant your attention. Otherwise you might simply dominate something that won't sustain your business or, as Willie Sutton's might put it, you'd be robbing something with no money. Somehow companies fail to heed this lesson, and now we can add to the list the quirky Swedish automobile maker Saab.

Unless you missed the news, Saab is going under. The company - originally started by an aircraft company and later the property of General Motors - has been hunting for a buyer for the past few years. There were endless rumors of a Chinese suitor, but those have turned out empty, which matches the totals in Saab's bank accounts.

As might be expected, blame is flying in all directions over this. Saab devotees blame GM for making the cars less special, even as some auto writers say GM actually did everything it could with the company.

You may be thinking, "Why does this matter to me?"

The answer is simple: in the death of one company we can find important lessons for other businesses. And in this case, I feel qualified to comment because I'm the owner of an 11-year-old Saab 9-5. If it were up to me, Saab would have gone under 12 years ago.

A number of people who have seen me with the car have asked if I would recommend it, leading me to respond this way: Would you like to buy mine?

But here's the irony. The car has a really sweet and powerful turbo charged engine that gets decent fuel mileage. The body integrity provides excellent safety. What's more, it's 11 years old and still running fine. I should be one very satisfied owner.

Yet, like all customers, I have a complex and nuanced value equation. And in most areas, my Saab never delivered. My car was exceptional only in its issues. Strange smells have constantly emanated from the engine, stumping an endless array of mechanics. They assured me there was nothing wrong with the engine or the odors, but that's small comfort when you have to open windows in the dead of winter.

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My headlights blow out almost annually, again for no reason. And the car's fabulous information display started deteriorating years ago. Instead of the flow of information on the engine, weather, fuel economy and more, now I just have an abstract group of five to 20 dots. When I looked into this problem on the Internet I found groups of Saab owners dedicated (unsuccessfully) to finding a single 9-5 owner who didn't have this problem. Since it costs more than \$500 to fix this problem, I do without the information.

Then there are those quirky Saab features that some owners love - like the ignition and window controls being located where no other car maker would ever put them—that made every repair on the car a nightmare, due to extra costs, hard to find parts and long waits.

Yes, there are Saab enthusiasts who hate everything I have just written and gladly went from one quirky model to the next. Only there weren't very many of them. Even in its most popular years Saab never sold enough cars to drive the cost efficiencies the business needed. Perhaps that's the biggest lesson of all in Saab's demise. Having a devoted niche is a wonderful thing, but the niche has to be large enough to sustain that business. And the bevy of problems turned me (and my Internet friends) from potential repeat buyers into demon customers, steering others away with our stories.

Niches are great, but only when they matter.

Michael Sansolo can be reached via email at msansolo@morningnewsbeat.com. His book, "THE BIG PICTURE: Essential Business Lessons From The Movies," co-authored with Kevin Coupe, is available [by clicking here](#).

Hy-Vee Launches New Smartphone App

Iowa-based Hy-Vee said yesterday that it has "launched a mobile app for customers, making shopping easier, faster and more social.

"The smartphone app offers a number of interactive features to help customers with meal planning and preparation, gain access to store and pharmacy information and more."

Among the features of the app is a voice-activated product locator that is customized by store and "leads customers directly to the aisle and shelf of the product they're looking for."

Kroger Expands Pet Prescription Business

The *Houston Chronicle* reports that "Kroger is now offering prescription medications for their four-legged kin at all 100 of its pharmacies in the Houston area. After launching a pilot program last year, Kroger has more recently expanded pet meds into all its pharmacies nationally. The Cincinnati-based grocer aims to undercut veterinarians on price, and many pet medications are included in Kroger's \$4 generic drug program, said Marla Fielder, the assistant director of pharmacy in Kroger's Southwest division."

Supervalu Gets New Chief Marketing Officer

Supervalu announced yesterday that it has named Michael Moore, who joined the company last year as business transformation officer, as its new executive vice president/chief marketing officer.

Moore succeeds Julie Dexter Berg, who said she is leaving the company and returning to the West Coast.

Before joining Supervalu, Moore spent almost a quarter-century at Procter & Gamble in roles with sales, marketing, finance, operations and human resources.

"Michael has a terrific understanding of the food industry and the challenges we face as a grocery retailer in today's environment," said Craig Herkert, Supervalu's chief executive officer and president. "I am confident that he will move quickly to build marketing programs that are effective and efficient while



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ensuring that we continue to drive traffic and sales through innovative and engaging consumer marketing programs.”

FastNewsBeat

- The *San Antonio Business Journal*, reports that “H-E-B will invest \$20 million to lower prices on fresh produce to encourage more people to eat healthier and has planned a series of activities designed to help people keep their New Year’s resolution to lose the holiday weight ... The San Antonio grocer will also offer special deals on healthy meals. H-E-B will offer two specialty designed Healthy Savings meals each month. Healthy Savings will bundle at least four healthy ingredients that can be used to prepare a meal for a family of four for under \$10 with a \$4 in-store coupon. The meals will be modeled after the USDA’s new My Plate guidelines, which include lean proteins, fruits and vegetables, whole grains, and low-fat or non-fat dairy items.”
- The *Washington Post* reports that Costco “is making greater inroads into the Washington area with plans for a new store on a 12-acre tract in Alexandria, one of three locations in the works in the region. Costco stands to gain grocery market share, albeit marginal, at a time when traditional players, like Food Lion and Superfresh, struggle to compete in a changing industry.”
- Weis Markets today announced it has joined the SmartWay® Transport Partnership, an innovative U.S. Environmental Protection Agency (EPA) program, that it says “will help it assess the environmental and energy efficiency of the trucks supplying its 161 stores.”
- The *Detroit Free Press* reports that Meijer and Michigan State University are working together to launch a “Made in Michigan” initiative.

According to the story, “The effort will begin when the new grocery items will fill designated areas in 33 Meijer stores statewide. The products include marinara sauce, blueberry butter, gluten free baking mixes and gourmet seasoning. The new items are in addition to other Michigan products currently available at Meijer stores. Meijer worked with the MSU Product Center and others for about a year on the project, which starts with 22 vendors.”

- The *Indianapolis Business Journal* reports that Marsh plans to build a new supermarket as part of “a massive project that would replace a block and a half of surface parking lots in the northwest quadrant of downtown Indianapolis ... The new grocery store would be a welcome amenity for the neighborhood and nearby IUPUI campus, and it represents a significant milestone for the Fishers-based supermarket chain. It would be the first new Marsh store since 2004.”
- Wakefern Food Corp. announced that it has been chosen by New York City-based Food Bazaar Supermarkets to fulfill its dairy, frozen food, grocery, health and beauty, non-foods and specialty grocery product needs for its 16 locations throughout New York, New Jersey and Connecticut. Additionally, Food Bazaar has been approved to carry the ShopRite private label line of products, including its Specialty Imported items, in all of its stores.

The MNB Wal-Mart Watch

- The *Chicago Sun Times* reports that Walmart is slated to open its second supercenter within the city limits today, a 157,000 square foot store in the South Side Chatham neighborhood.

As the story notes, “The Chatham store will be Wal-Mart’s second supercenter in Chicago and its fifth location overall. The first full-sized store — since it was converted to a supercenter — is located in Austin. There’s also a Wal-Mart Express across the street from the Chatham supercenter, a Wal-Mart express in Wrigleyville and a Neighborhood Market at Presidential Towers in the West Loop ... Later this year, Wal-Mart plans to open: the Pullman supercenter; Neighborhood Markets in Lakeview and Auburn-Gresham and Wal-Mart Express stores in West Englewood and River North.”

Executive Suite

- Safeway announced that Tom Keller, president of its Vons division, is retiring from the company after 40 years in the food industry, most of them

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with Safeway. Keller has been president of Vons since 1999.

Gary Rocheleau, currently Vice President, Retail Merchandising Execution, will lead the Vons Division on an interim basis.

- Target said yesterday that it is promoting John Mulligan, senior vice president for finance, to be its new chief financial officer. He succeeds Doug Scovanner, who has been CFO at Target for 18 years.