

# -Week Ending 1/28/11-

*Below is the list of articles you will find for the week ending 1/28/11 edition of Retail Industry News.*

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Thanks to MNB  
for this selection of  
articles.

## **Sansolo Speaks: It's a Small World...of Line Management** *by Michael Sansolo*

When a business has the audacity to call itself the happiest place on earth it has some serious standards to uphold. So when reports are that Disney World is studying how to better manage customer flow—especially lines—it probably means that it's a story worth listening to.

If by some chance you have managed to avoid Disney World all these years there is simply no way to easily describe the massive theme park in Orlando. It is a mix of business, recreation, entertainment and spending unlike any other place on earth. Apparently it is also a marvel of how to use technology to improve the customer experience.

The challenge Disney found is that on busy days the lines get out of hand, forcing park attendees to spend most of the day waiting. According to a recent story in The New York Times, the average Magic Kingdom visitor gets on nine rides during the course of a visit. That's out of 40 total rides in that park alone.

The Disney folks see a couple of problems in that, but two stand out. First, the lines diminish the experience that is the core of the Disney brand. And secondly, people standing in lines aren't in restaurants or shops buying all the goods featured at the park. Neither is good for business.

Now you could look at this as unique problems for a theme park that hosts nearly 30 million visitors each year or you could look at it for the relevance to your stores and shoppers who are the very same people, albeit in a worse mood than while on vacation in Florida.

As the Times reported: "Disney World long ago turned the art of crowd control into a science. But the putative Happiest Place on Earth has decided it must figure out how to quicken the pace even more.

"A cultural shift toward impatience — fed by video games and smartphones — is demanding it, park managers say. To stay relevant to the entertain-me-right-this-second generation, Disney must evolve."

Suddenly it all sounds more relevant. Because those same impatient shoppers cursed with what seems to be societal attention deficit disorder are also in your stores. So just like Disney, you need a strategy.

The Disney story offers some interesting ideas. For some rides, Disney has the ability to pick up the pace of customer movement. (At Pirates of the Caribbean, for example, more boats are put in use.) In other cases Disney runs "Move it, Shake it!" parades to pull shoppers toward less crowded parts of the park. Some line areas now feature video games to distract the waiting masses, while in other areas costumed characters are dispatched to entertain the crowds.

And there's more. Disney is developing a mobile app to help visitors locate anything from the location of a costumed Cinderella or the hamburger stand with the shortest line. Other technological experiments to improve the

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customer experience are also in the pipeline.

The bottom line is that Disney understands the value equation of its visitors and is using technology to better manage even the most difficult situations and the ideas provide interesting discussion for any retailer. How can we better manage lines; how can we improve the experience in a way that is both enjoyable and profitable; and what can we do about better using our data?

After all, it's a small world and those same customers who get delighted at Disney World would love the same attention when they leave Fantasy Land and return to reality. And that's where you live.

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## Limited Assortment Stores Expand, Taking Advantage Of Trends

*USA Today* reports on the growing popularity of limited assortment stores, which is taking place as companies like Aldi and Save-A-Lot have expanded and consumers continued to look for ways to save money as the recession took its toll; the trend also has dovetailed with growing consumer acceptance of private brands.

According to the story, Aldi plans to open as many as 100 stores to add to the more than 1,135 units that it has in 30 states, while Supervalu-owned Save-A-Lot wants to double the more than 1,200 stores it has in 39 states over the next five years.

Combined with the expanding presence that companies like Walmart and Target have in the grocery sector, the paper writes, the long-term prognosis could be troubled for the supermarket industry, which may not be perceived as being as relevant to consumers.

## O, Canada, Your Land Is Fertile For Retail Expansion

The *Wall Street Journal* reports that Walmart "is spending half a billion dollars this year to expand in Canada, the latest example of a retail rush north to take advantage of Canada's relatively robust economy and eager-to-spend consumers.

"Wal-Mart's Canadian arm will open 40 supercenter-format stores in the next fiscal year, though only eight of these will be new stores. The remainder will consist of expansions or remodellings of existing stores, as well as store relocations. The expansion is expected to increase the number of Wal-Mart stores in Canada to 333 by the end of January 2012, including 164 supercenters."

It probably is not a coincidence that Walmart is upping the ante in Canada at the same time as Target has announced that it will start opening stores there beginning in 2013, its first venture outside the US.

According to the story, "The foray into Canada comes as U.S. retailers look for new opportunities outside of the saturated domestic market. Canada is a particularly attractive destination, as retail sales have already recovered from their recessionary lows. As well, Canada's proximity to the U.S., and its similar culture and language make it an attractive destination for U.S. retailers."

## Safeway Debuts New Natural Food Private Brand

Safeway has introduced its new Open Nature line of 100 percent natural foods, saying that the initiative continues "its leadership in the retail food industry as an innovator in health and nutrition offerings."

According to the company, "Open Nature is a new line of more than 100 products made with 100% natural ingredients from natural sources, with nothing artificial added. The first Open Nature items are available now in Safeway's meat departments, featuring fresh beef and pork, fresh chicken,

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chicken sausages, bacon and beef hot dogs. Additional Open Nature products will be available throughout the year across even more categories such as bread, yogurt, ice cream, salad dressing, frozen foods and many others.”

Safeway says that “Safeway holds these exclusive products to high standards, ensuring that every item in the Open Nature line is made only with ingredients from natural sources. In addition to these high standards, each of the products adheres to specific guidelines. For example, Open Nature meat and poultry products must also meet the following criteria: raised without antibiotics, no added hormones, fed an all-vegetarian diet, and no artificial preservatives.”

The Open Nature line is being added to Safeway's O Organics, Eating Right, and Eating Right For Kids lines.

## **Fresh & Easy Plans To Get Smaller To Get More Competitive**

The *Oakland Tribune* reports that Tesco-owned, U.S.-based Fresh & Easy Neighborhood Markets is considering a tweak of its small-store format to make it even smaller.

According to the story, Fresh & Easy “is eyeing small store formats as it scouts for additional locations to place its shops in Northern California, the retailer confirmed Thursday.

“The new and smaller formats would likely be about 5,000 square feet. Fresh & Easy's traditional markets range in size from 10,000 to 15,000 square feet ... The smaller size would provide Fresh & Easy additional options as it seeks locations throughout California,” allowing it to open units in existing and mixed-use developments that currently are not suitable for its format.

Fresh & Easy, which currently has 150 stores in Southern California, Arizona and Nevada, plans to open more than a dozen stores in Northern California locations, starting in March.

## **Walmart Eyes San Diego For A Dozen New Stores In Five Years**

The *San Francisco Chronicle* reports that Walmart, emboldened by the likelihood that the San Diego City Council will repeal the ordinance that makes it difficult for it to build supercenters there, would like to open as many as a dozen stores there within the next five years.

According to the story, “The company's vice president of public affairs Maggie Sans told City News Service that no building sites had been identified, but it was Wal-Mart's intent to have stores across the city. Sans says the proposed stores would range from smaller neighborhood markets of 30,000 square feet to superstores.”

It was reported earlier this week that the City Council seems likely to repeal the ordinance because Walmart collected enough signatures to force a referendum on the issue; the Council seems more inclined to simply repeal the ordinance rather than spend more than three million dollars that it doesn't have on a special election.

## **FastNewsBeat**

- Family Dollar announced last week that it will spend \$70 million to build an 815,000 square foot distribution center in Ashley, Indiana, that will serve its midwestern stores. The facility is scheduled to open next year.
- Arizona-based Sprouts Farmers Market announced that it will open its first Fort Worth, Texas, store tomorrow, saying that it will offer “a bright, cheery shopping experience that has been its cornerstone since the founders, the Boney family, opened their first produce stand in 1943. Our stores feature natural, organic and favorite indulgence foods at a great value, including mountains of fresh produce, all natural meats, seafood delivered up to six days a week and over 200 bins of bulk rices, spices, nuts and grains. “

This is Sprouts' 14th Texas store; another one is scheduled to open in Carrollton later this year.

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- The *Courier Journal* reports that Trader Joe's is eyeing Louisville, Kentucky, for expansion, though no official announcement has been made.
- Sunflower Farmers Market, the natural and organic grocer, announced that it will bring its "serious food at silly prices" to Salt Lake City with a new store opening on March 16. The new Salt Lake City store marks the third Sunflower location in Utah and the 33rd store overall for Sunflower Farmers Market.
- The *Los Angeles Times* reports this morning that "the U.S. Department of Agriculture's Economic Research Service released its 2011 Consumer Price Index analysis for projections on food prices this week, and reported that overall food prices are expected to increase 2% to 3% this year.

"The projected rise comes after a stretch of relative price stability in recent years. The agency's all-food index showed a modest 0.8% increase from 2009 to 2010, and a rise of just 0.3% in prices for food consumed at home, the lowest food inflation rates seen in the U.S. since 1962 and 1967, respectively.

"However, food prices are expected to rise even more this year, agency researchers said. The causes include rising commodity prices, shrinking supplies of key ingredients and increasing demand for corn-based ethanol for vehicle fuel."

- The *Chicago Sun Times* reports this morning that Supervalu is closing a Jewel-Osco store on Western Avenue on the city's South Side, one that has been serving the local community for a quarter-century. However, the story notes, "residents will soon have a smaller, lower-cost and limited-assortment grocery alternative when Save-A-Lot opens five stores Feb. 24 on Chicago's South Side, including one at 6701 S. Western Ave., a company spokeswoman said.
  - The *New York Times* this morning reports while the U.S. Food and Drug Administration (FDA) planned "to begin tests this month on the milk from farms that had repeatedly sold cows tainted by drug residue," in an effort to assure that Americans are not drinking contaminated milk, "the testing plan met with fierce protest from the dairy industry, which said that it could force farmers to needlessly dump millions of gallons of milk while they waited for test results. Industry officials and state regulators said the testing program was poorly conceived and could lead to costly recalls that could be avoided with a better plan for testing.
- "In response, the F.D.A. postponed the testing, and now the two sides are sparring over how much danger the antibiotics pose and the best way to ensure that the drugs do not end up in the milk supply."
- The *Chicago Tribune* reports that "Meijer continues to expand its footprint in the Chicago area and edge closer to the city of Chicago. This summer it will open a store in Melrose Park and this week, Berwyn's City Council approved plans to locate a Meijer store at the southeast corner of Cermak Road and Harlem Avenue, a store that will create 100 jobs ... Grand Rapids, Mich.-based Meijer, which entered the local market in 1999, has 13 stores in the Chicago suburbs, including two of its smaller "new format" stores that opened in Niles and Orland Park last year."

## The MNB Wal-Mart Watch

- The *Associated Press* reports that Walmart and historical preservationists are headed to court this week to get a decision on whether a Supercenter can be built near a Civil War battlefield in northern Virginia where Robert E. Lee and Ulysses S. Grant first met in 1864.

According to the story, "The Battle of the Wilderness is viewed by historians as a critical turning point in the war, which ended 11 months later. An estimated 185,000 Union and Confederate troops fought over three days, and 30,000 were killed, injured or went missing."

Local officials approved the building of a store there, but preservationists have been up in arms ever since.

- *Dow Jones* reports that Walmart "has started aggressively asking suppliers for opening-price-point goods in recent weeks, taking aim at dollar stores' low prices ... This means the world's largest retailer will be pressing partners such

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as Procter & Gamble Co. and Kraft Foods Inc. to make smaller, more affordable packages of their products.”

- The *San Diego Union-Tribune* reports that the San Diego City Council seems likely to repeal the ordinance making it difficult for supercenters to be built by companies such as Walmart. The reason: Walmart collected enough signatures to force a referendum on the issue, but the Council seems more inclined to simply repeal the ordinance rather than spend more than three million dollars that it doesn't have on a special election.

## Executive Suite

- Weis Markets today announced Wayne Bailey and Joe Harris as the Company's newest Regional Vice Presidents.

As Regional Vice President, Mr. Bailey will oversee the Company's stores in and around Harrisburg, Reading, State College and Lancaster. Mr. Harris will oversee the Company's stores in Maryland, West Virginia and Southern Pennsylvania.

During this 35 year career with Weis Markets, Mr. Bailey has worked in various store supervision and merchandising positions. Prior to assuming his new role, he was the Company's Vice President for Operational Administration.

Prior to becoming Regional Vice President, Mr. Harris was a District Manager, overseeing 15 Weis Markets stores in the Harrisburg region. During his 25 year career, Mr. Harris has worked in a number of regional and store management positions.

- *Bloomberg* reports that “Larry Merlo, president and chief operating officer of CVS Caremark, will assume the role of chief executive officer effective March 1. Thomas M. Ryan will remain non-executive chairman until his retirement at the company's annual meeting in May.”

- *Crain's Chicago Business* reports that “Jewel-Osco President Keith Nielsen, who started his career as a clerk at a Jewel store on Chicago's North Side, announced today that he will retire at the end of the fiscal year on Feb. 28.

“He will be succeeded by Brian Huff, the senior vice president of specialty retail for Supervalu, the parent company of Jewel-Osco. Huff will start his new role on Feb. 7.”