

# -Week Ending 11/5/10-

Below is the list of articles you will find for the week ending 11/5/10 edition of Retail Industry News.

- **Supervalu Offers New 'Living With Diabetes' Program**
- **Supervalu Sells Bristol Farms To Management, Investment Group**
- **Taking Aim At Front-Of-Package Labeling Initiative**
- **Target Looks to Have Green Week Before Black Friday**
- **Sansolo Speaks: "Leading the Blind"**
- **Walmart Indulges In Idol Worship**
- **Study: In-Store Health Clinics Saving People Real Money**
- **Fresh Market Looks To IPO To Quintuple Its Growth**
- **GMA Announces New Retailer Awards**
- **Target Targets Downtown LA**
- **Tide Of Higher Food Prices Coming In**
- **Giant To Buy Two Genuardi's Stores**
- **FastNewsBeat**
- **The MNB Wal-Mart Watch**



Thanks to MNB  
for this selection of  
articles.

## Supervalu Offers New 'Living With Diabetes' Program

Supervalu yesterday announced "the launch of a comprehensive, whole-store health and wellness program called 'living healthy with my diabetes.' The program offers a variety of resources to make life easier for customers living with diabetes, including educational materials, health screening tests, group and individual diabetes education and training programs, medication management consultations, nutrition information, dietary tools, products and other services."

## Supervalu Sells Bristol Farms To Management, Investment Group

Supervalu announced on Friday that it has sold its 14-store Bristol Farms division in Southern California to a partnership made up of Kevin Davis, the company's longtime president/CEO, the division's management team, and Endeavour Capital, an investment firm experienced in grocery and retail businesses.

Terms of the deal were not disclosed.

According to the internal memo, by Brian Huff, senior vice president of Specialty Retail, circulated within Supervalu, "Under the terms of the sale, the stores will change ownership effective today, but will continue to operate under the Bristol Farms name, and the existing management and associate base will continue to serve customers without disruption."

Davis tells the *Daily Breeze*, "While we don't expect any sudden changes, we look forward to remodeling a couple of our stores, including the Rolling Hills store, and we'll continue to focus on growing our chain in Southern California."

The *Breeze* also notes that Davis sees "the purchase as a way to leverage consumer demand in the 'fresh and natural organic and specialty food segment,' and cited the growth of Whole Foods and Trader Joe's."

In the Huff memo, the company said that "like any retailer, Supervalu continuously evaluates its operations to identify opportunities to strengthen its overall business and, when necessary, makes decisions that involve the sale of some locations. This move will ultimately allow Supervalu to operate more efficiently and effectively and focus on improving the shopping experience throughout its entire network of owned and supplied stores."

The *Los Angeles Times* reports that Bristol Farms was sold to Albertsons in 2004 a way for the bigger company to both differentiate and diversify. However, when Albertsons was sold to Supervalu a couple of years later, it left Bristol Farms as a kind of "corporate orphan."

# -Week Ending 11/5/10-

## Taking Aim At Front-Of-Package Labeling Initiative

Marion Nestle, professor of Nutrition, Food Studies, and Public Health at New York University, has a blog post on the *Atlantic* website in which she writes about the proposal from the Food Marketing Institute (FMI) and Grocery Manufacturers Association (GMA) last week to create a front-of-package labeling initiative.

She writes, in part:

“Forget the consumer-friendly rhetoric. There is only one explanation for this move: heading off the FDA's front-of-package (FOP) labeling initiatives.

Only two weeks ago, the Institute of Medicine released its first FDA-sponsored FOP labeling report. The IOM committee recommended that FOP symbols only mention calories, sodium, trans fat, and saturated fat. This led William Neuman of The New York Times to summarize its approach as: ‘Tell us how your products are bad for us.’

“GMA and FMI would much rather label their products with all the things that are good about them, like added vitamins, omega-3s, and fiber. If they must do negatives, they prefer ‘no trans fat’ or ‘no cholesterol.’

“What they especially do not want the FDA to impose is ‘traffic-light’ symbols. These U.K. symbols, you may recall from previous posts, discourage consumers from buying anything labeled in red, and were so strongly opposed by the food industry that they caused the undoing of the British Food Standards Agency.

GMA and FMI, no doubt, are hoping the same thing will happen to our FDA ... This move is all the evidence the FDA needs for mandatory FOP labels. GMA and FMI have just demonstrated that the food industry will not willingly label its processed foods in ways that help the public make healthier food choices.”

And, Nestle concludes:

“FDA: You should be outraged by this move. Say so!”

## Target Looks to Have Green Week Before Black Friday

Target announced that it will have a four-day pre-Thanksgiving sale, looking to pre-empt the traditional Black Friday beginning to the end-of-year holiday season.

In addition, the company said that it will have a special online-only sale on Thanksgiving Day, featuring special one-day prices. And, from November 21 through December 11, Target said it will offer free shipping on all orders of \$50 or more.

## Sansolo Speaks: “Leading the Blind” by Michael Sansolo

Today’s headline would ordinarily be my attempt at a clever play on words to make a point about business’s inability to look at problems in a different way. While it is partially that, the headline is really literal, linking to a most unusual and eye opening shopping trip.

The background is this: A week ago a business trip brought me near an 89-year-old relative who sadly is now legally blind due to macular degeneration. She needed to do some grocery shopping and, because she knows I love visiting stores, she knew I would help. Through her failing eyes, I saw shopping in a whole new way.

The store we visited was a wonderfully well merchandised, lit and serviced Publix in a suburb of Tampa. It’s a store that I’d happily shop any week, but for my relative with a visual handicap, it’s a challenging trip. For her, the incredible bounty of a supermarket is simply overwhelming. For her, the stunning variety of products in each successive aisle becomes a staggering burden.

# -Week Ending 11/5/10-

Our conversations throughout the store were an endless version of the following:

*Relative:* I need apples.

*Me:* Do you want Macintosh, Fuji, Gala, Delicious, Golden Delicious...etc.

You get the idea. Every product created a lengthy discussion of choices, prices, brands, sizes, expiration dates (where appropriate) and more. We bought maybe 25 items on a shopping trip that took well over an hour. Suddenly the beautiful store seemed a challenge to me too. It was an incredibly different way to see a store and to understand how beauty really changes in the eye of the shopper.

As I contemplated the trip, two conflicting thoughts came to mind. At first I was unsure what a supermarket could do to serve people with issues like my relative's. I think it is great that most stores do a vastly improved job of merchandising products that fit specialty needs such as allergies or gluten-free, making it easy for folks with those concerns to find what they need. Yet I can't imagine how stores can deal with every ailment and find a way to properly offer the level of assortment and choice most feature today.

Then again, maybe these are issues we must take on. If we examine all the demographic groups growing rapidly in the coming decade, nothing stands out like senior citizens. As my generation - the now inappropriately named Baby Boomers - ages, the ranks of seniors will swell like never before in the U.S. and throughout the developed world. While that means challenges with everything from health care to Social Security, it also means incredible opportunity.

It's not surprising that great examples abound in a Florida town with a preponderance of senior citizens. At the Publix store we visited, it was clear that staff were well trained in dealing with seniors. Store associates routinely interacted with my relative, pleasantly helping her find various items or providing appropriate samples to help her make a decision. When we went to her bank a few doors away, a well-trained teller counted out cash with patience and care that I have never experienced in all my years of banking.

Clearly, more can be done. It might be time for larger type labels and shelf talkers in areas where senior populations are large. Many stores that already offer transportation to stores might add in services to slowly guide those same shoppers through the store. It's a win-win situation. My relative explained that my willingness to talk her through product choices helped her buy a number of items she usually avoids in a regular shopping trip, simply because she can't find them. By helping her shop, I helped her buy.

If nothing else, shopping through the eyes of someone who can barely see was an experience I won't soon forget. It was difficult, time consuming, slow and frustrating. And it was eye opening.

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## **Walmart Indulges In Idol Worship**

*Advertising Age* reports that Walmart seems to be relying on Justin Bieber to help in its sales rebound:

"Walmart is increasingly dominating the market for all things Bieber heading into the holiday season -- including exclusive lines of nail polish and a fragrance designed or inspired by the 16-year-old Canadian tween idol and Twitter phenom. Mr. Bieber has developed a very special if not entirely exclusive relationship with earth's biggest retailer, though Walmart declined to comment on just how extensive the partnership may yet become.

"On Oct. 27, Mr. Bieber told his 5.6 million followers on Twitter, where he ranks No. 5, just behind Barack Obama and just ahead of Ellen DeGeneres, that his acoustic album will go on sale first at Walmart Nov. 22. That's a day

# -Week Ending 11/5/10-

ahead of the general market release. Specifically, he Tweeted: 'ACOUSTIC ALBUM hits WALMART on NOV 22nd!!!'

## **Study: In-Store Health Clinics Saving People Real Money**

*Drug Store News* reports that a new study, published in *Health Affairs*, suggests that in-store retail health clinics are saving patients between \$279 and \$460 per visit, compared to emergency room visits, and have the potential of saving people as much as \$4.4 billion a year.

According to the story, "The Health Affairs article looked at data provided by retail clinics and urgent care centers in 2007 and compared it with emergency department visit data in 2006. The researchers used a list of health conditions that commonly are treated at retail clinics and urgent care facilities to determine the number of visits that could have been treated at alternative sites."

The research, to be fair, was funded by Walgreens and its Take Care Health Systems division.

## **Fresh Market Looks To IPO To Quintuple Its Growth**

Having failed to sell the company several years ago, North Carolina-based Fresh Markets is looking to launch an initial public offering (IPO) that will help it fund growth from its current fleet of 100 stores to as many as 500 stores nationwide.

According to *Investors Business Daily*, Fresh Market's family ownership is positioning itself as taking advantage of the same public mood that has allowed Whole Foods to grow despite the recessionary environment; though the growth plan also places the company directly into competition with the likes of Safeway, Kroger and Trader Joe's.

The positives, as reported by *Investors Business Daily*: The stores feature "a European-style neighborhood grocer" that averages "21,000 square feet, the stores are about half the size of a typical U.S. supermarket. The chain says it offers more customer attention than a typical grocer. It focuses on perishable goods, which provide about two-thirds of sales, and says the freshness and quality of these goods differentiates Fresh Markets from other stores."

The challenges: "Because of its emphasis on customer service, hiring and training the right personnel will be a key challenge. It also depends on word-of-mouth more than advertising, so any bad customer experiences could go viral."

"The expansion will take the company out of its home base and into unfamiliar markets. (Currently, Fresh Market operates 100 locations in 20 states, with nearly a quarter of them in Florida.) It will face new local economies and new regional competitors as it grows. Fresh Market's long-term debt totals about \$94 million. It says it may incur more debt in the future to fund its expansion."

## **GMA Announces New Retailer Awards**

The Grocery Manufacturers Association (GMA) announced that Dollar General Corporation, The Kroger Company, and CVS are the winners of its inaugural Retail Honors awards. The companies were selected as winners by their manufacturer trading partners and will be honored in three distinct categories: Retailer of the Year (Dollar General), Most Innovative Retailer (CVS/pharmacy) and Most Collaborative Retailer (Kroger).

"On behalf of our members, GMA is pleased to recognize those retail partners that have gone above and beyond to help create growth, customer loyalty and innovation in the marketplace," said Denny Belcastro, GMA executive vice president of industry affairs and member services. "Trading partner collaboration has never been more important given the current economic climate and these companies are leading the way by developing collective solutions that drive efficiency and growth."

The Retail Honors program was established this year to provide an opportunity for GMA member companies to recognize their trading partners for sustained excellence in performance, collaboration and innovation.

# -Week Ending 11/5/10-

## Target Targets Downtown LA

The *Los Angeles Times* reports that Target Corp. plans to open a store in downtown LA, though the store will be “smaller than most and carry a different merchandise mix, with a heavy emphasis on food and household basics,” which is reflective of the “new direction for the Minneapolis-based discounter to bring smaller stores to more dense metropolitan markets.”

It is also part of a broader effort to change the face of downtown LA, making it a more livable and thriving community that serves as a magnet for residents interested in an urban lifestyle.

## Tide Of Higher Food Prices Coming In

The *Wall Street Journal* reports that “an inflationary tide is beginning to ripple through America's supermarkets and restaurants, threatening to end the tamest year of food pricing in nearly two decades.

“Prices of staples including milk, beef, coffee, cocoa and sugar have risen sharply in recent months. And food makers and retailers including McDonald's Corp., Kellogg Co. and Kroger Co. have begun to signal that they'll try to make consumers shoulder more of the higher costs for ingredients.”

The problem is that nobody quite knows what the traffic will bear, and there remains considerable concern that continuing recessionary pressures will lead to customer defections because of raised prices.

## Giant To Buy Two Genuardi's Stores

Ahold-owned Giant Food of Carlisle, Pennsylvania, said yesterday that it is acquiring two Genuardi's supermarkets, in Feasterville and Warrington, Pa.

The stores are scheduled to close on November 13 and reopen under the Giant banner in early 2011.

The change marks the sixth and seventh stores closed by Safeway-owned Genuardi's in the past year; the company now has 29 stores in region.

## FastNewsBeat

- The *Business Review* reports that Wegmans has once again said that it has no plans to open a store in the Albany, New York, market, rejecting speculation that had appeared in a Syracuse newspaper. However, Wegmans isn't ruling out the possibility that it could happen someday...just that it is not in their immediate plans.
- *Bloomberg Business Week* reports that Trader Joe's has opened its first store in Maine - in Portland. The story notes that Trader Joe's now has close to 350 stores in more than two dozen states.
- The Great Atlantic & Pacific Tea Co. (A&P) said yesterday that it has completed its sale of seven store locations in northern Connecticut to Big Y Foods, which it calls “part of a comprehensive turnaround strategy initially announced by the company in late July.”
- Wegmans announced this week the introduction of a private brand blood glucose monitoring systems, described as “a basic tool in self-care for people with diabetes.”

The retailer said that its “TRUEresult system and TRUE2go – small enough to fit a purse, pocket or gym bag - can help those with diabetes and pre-diabetes track blood glucose levels more easily and at a lower cost than with other comparable systems on the market today ... Because the machine automatically calibrates itself to each test strip, you don't have to enter a test strip code – eliminating a common source of error. You just stick a testing strip into the machine, prick your finger with the lancet to collect a drop of

# -Week Ending 11/5/10-

blood, and touch the finger to the testing strip. The strip absorbs the blood and activates the machine. A large-display readout appears in just 4 seconds. The machine has four testing reminder alarms, a 500-test memory to see trends over time, and alerts the user to test for ketones if blood glucose levels are high.”

## **The MNB Wal-Mart Watch**

- *Reuters* reports that Walmart may scale back its plans for a \$4 billion takeover of South African retailer Massmart, and could simply acquire a stake of 50 percent or more. The possible shift comes after what Massmart said was discussions with its shareholders and stakeholders, and would, according to the story, “still make Wal-Mart the first major international retailer in South Africa” and give Walmart a launching pad for growth on the continent.
- The *Associated Press* reports that Walmart appears ready to relaunch price wars in time for the end-of-year holidays, using flat screen televisions as a stalking horse. According to the story, “The nation's largest retailer said in a statement Tuesday that a 26-inch Vizio LED HDTV, which was selling most recently for \$298, will be \$198; a 32-inch Vizio LCD HDTV will drop from \$348 to \$298; and a 55-inch Vizio LCD HDTV TV that was selling for \$1,098 will be \$898.”