

-Week Ending 12/24/10-

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Thanks to MNB
for this selection of
articles.

Sansolo Speaks: “Poker Face” *by Michael Sansolo*

Reaching the end of 2010 and finding ourselves still in business is probably enough of an achievement to help all of us to get a little self-congratulatory. Before doing that, consider this sage wisdom often repeated about poker, “If you can’t spot the sucker in the first half hour at the table, then you are the sucker.”

Simply put, look around the poker table or, more correctly, the space where you compete. It may be a neighborhood, a state, a category, an aisle or even some arena of key services. Ask yourself which one of your competitors looks least likely to survive another tough year, least equipped to cope with the current pace of change, least flexible or least strategic to deal with these times? Who looks the least efficient, the least effective and least in tune with the times?

If you can’t figure out who that competitor is, get worried. In the parlance of poker, you may be the sucker.

The end of the year always brings a strange bit of nostalgia for the 12 months just ending. You’ll notice we don’t do any recaps of top stories here at MNB because, as Content Guy Kevin Coupe reminds me constantly, we are always trying to look at the picture differently. (Let the other guys make lists and think traditionally.) He’s right. There’s little to learn from news that’s now 350 days old when the world seems to change almost daily.

But reflection is called for in one way. Think back on 2010 (and lump in 2009 because the current economic cycle doesn’t honor calendar years) and ask yourself “what changed?” By that I mean, what changed that impacts your business most? Is it the economy, the changes in shopping behavior, technology, cost structures or whatever? Think about what’s changed most in the world surrounding you.

Then start thinking about that poker table. Think about the changes you and your company have made versus the changes made by your competitors and their companies. Try hard to do it objectively and consider even doing it with your teams. Hopefully when you look around you’ll be able to list numerous ways in which you and your team have changed to meet these volatile times. Hopefully, you’ll be able to proudly point to numerous ways in which you have improved on your competitive advantages or attacked points of weakness.

When you consider it all, you should hold that mental picture of sitting around the poker table with your competition and with any luck, you’ll realize that you are not the sucker - that you are the winner. If not, get thinking really hard about what you are going to change. Do it fast. Because in business or poker, the sucker doesn’t end up happy.

Here’s the best news. No matter what, remember the New Year is coming and bringing with it untold and unseen challenges and problems, but also unknown opportunities. So whether 2010 was a good or bad year, you have to keep playing.

So Happy New Year and get that poker face ready. The game is still on.

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

Report: Supervalu Trying To Sell Shaws, But No Takers

The *Wall Street Journal* reports that Supervalu has been trying to sell its Shaws chain in New England for the past few months, but have been unable to find anyone interested in acquiring the company for a price that it finds acceptable.

Supervalu has already sold off the Shaws stores it used to own in Connecticut, as well as the upmarket Bristol Farms chain in California, as it pursues what appears to be a value-driven strategy keyed to CEO Craig Herkert's affection for the Save-A-Lot limited assortment format. In addition, analysts have believed that Supervalu was interested in selling off assets as a way of retiring at least some of its debt. In addition, there have been rumors that Supervalu itself could be on the sales block.

The *Journal* says that the remaining 175 Shaws stores in New England have an asset value of about \$1 billion.

According to the *Journal* story, "Supervalu partnered with CVS Corp. and an investment group led by Cerberus Capital Management for the Albertson's deal, taking on about \$6 billion in debt as part of the transaction.

"Supervalu's acquisition of its larger rival gave it more than 2,600 stores across the country. Besides its name sake, Albertson's also operated Acme Markets, Bristol Farms, Star Markets and Jewel-Osco.

"But the financial crisis hit supermarkets hard, and a slow economy and intense price competition continue to plague grocery store chains. Supervalu has also been struggling with its debt load. Moody's recently cut its rating on Supervalu further into junk territory. Wall Street has called for Supervalu to shed assets to pay down some of its debt."

Food Fight: The Disconnect Between Costs & Prices

The *Wall Street Journal* reports that "2011 is shaping up as the year of the food fight. In one corner of the ring: companies desperate to pass along higher food and commodity prices to consumers, and ease up on profit-killing discounts. In the other: consumers with a questionable ability to absorb them."

According to the story, "Producers are, on average, paying 19.7% more for farm products like dairy, meat and grains than a year ago, and about 6% more for processed supplies such as butter and sugar. Yet U.S. consumers are only paying about 1.7% more for their groceries than at this time last year, Labor Department data shows.

"Food companies - much like Federal Reserve policy makers - would prefer a little more consumer-price inflation in the U.S. right now. Such a landscape of gradually rising prices and incomes makes it much easier for food companies to pass along costs and at least maintain profit margins ... The food industry is planning gradual price hikes to help expand profits in 2011. But its pricing power, especially at the low end, remains limited. It doesn't help that average U.S. gas prices are inching back up toward \$3 a gallon, adding to the squeeze on household budgets."

Congress Passes Food Safety Legislation

The *New York Times* reports this morning that the U.S. House of Representatives yesterday passed food safety legislation that will increase the ability of the U.S. Food and Drug Administration (FDA) to be more aggressive in preventing the outbreak of food-borne illnesses, as opposed to reacting to tainted food once it is already out in the marketplace.

The bill already has been passed by the US Senate, and it is expected to be signed shortly by President Obama.

As the *Times* reports, "Under the legislation, food manufacturers will be

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required to examine their processing systems to identify possible ways that food products can become contaminated and to develop detailed plans to keep that from happening. Companies must share those plans with the F.D.A., and provide the agency with records, including product test results, showing how effectively they carry them out.

“The agency, which has sometimes been criticized for its failure to check up on risky food producers, will be required to conduct more frequent inspections in the United States and abroad. The law will also give the F.D.A. the power to order food recalls. Currently, it can only request a recall, even when there is evidence that tainted food has made people sick or represents a clear health hazard.”

The vote was 215-144.

Even after the bill becomes law, it will take some time for systemic changes to take place. According to the *Times* story, “While the legislation contains many changes that advocates had long pursued, many of its important provisions, including the requirement that companies put in place food safety plans, do not go into effect for as long as 18 months. The agency will use much of that time to write rules that it needs to carry out the law.

“In addition, the increased inspection of food manufacturers will happen only gradually, with regulators given up to five years to visit high-risk facilities. After that, high-risk plants must be inspected every three years.”

Fresh Direct Said To Be Seeking \$200 Million To Fund Expansion

Bloomberg reports that “FreshDirect Inc., the New York-based online grocer, plans to raise as much as \$200 million to expand in Washington and Baltimore, according to two people with knowledge of the situation ... The grocer, led by Chief Executive Officer Rick Braddock, currently operates in the five boroughs of New York and parts of New Jersey and Connecticut. In July, Braddock told *Bloomberg News* the grocer might pursue an initial public offering to help fund its expansion.”

The company said that it is seeing 20 percent sales growth and plans to expand beyond the New York metro area, but will not offer specifics about its growth plans.

Lowes Foods-To-Go Tests Express Service

The *Winston-Salem Journal* reports that Lowes Foods is putting its Lowes Foods To Go service on the fast track.

According to the story, the company is testing in two stores an Express service that allows people ordering 15 items or fewer to do so online or via the phone and then pick them up in an hour or less; normally, the Foods To Go ordering service requires a three-hour lead time.

Dollar Stores Have High Hopes For Christmas & Beyond

The *Wall Street Journal* reports that “Dollar Tree, Dollar General Corp. and Family Dollar Stores Inc. have been some of the biggest winners during the recession, even as most retailers suffered. And though some luxury shops are now reporting better sales of expensive baubles, analysts are predicting that Christmas 2010 will be another good one for dollar stores ... Among consumers surveyed by SymphonyIRI ... 18% of respondents said they planned to shop at dollar stores when buying food and drink for their holiday festivities. (There aren't year-earlier comparisons for the data.)”

According to the story, “The long-term outlook for dollar stores could dim as the economy recovers but the chains are pressing ahead with plans to add hundreds of stores to the thousands that they already have.

“To hold on to higher-income customers, many of the stores have stepped up their game in terms of what's on the shelf and how it's displayed. There's a new focus on nationally known brands and frequently purchased items like snack foods and cleaning supplies.”

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FastNewsBeat

- Kroger-owned Turkey Hill Minit Markets “is expanding into central Indiana. The convenience store chain opened its first Indianapolis store in October and plans to add at least five more by the end of 2011,” according to a report in the *Indianapolis Business Journal*.

The MNB Wal-Mart Watch

- *Advertising Age* reports that Walmart is “readying a ‘Walmart on Campus’ store at the University of Arkansas in what appears part of a series of tests of smaller-format stores for the giant retailer.”

The 10,000 square foot store will replace a university-run operation, and reportedly will include a pharmacy.

- The *Los Angeles Times* reports that Walmart has decided to stay open on Christmas Eve until 8 pm, two hours later than last year, as it looks “to give shoppers even more time for last-minute purchases.”

In addition, the *Times* writes, Walmart “is extending the order cut-off date for its site-to-store service to Dec. 20 from Dec. 17, last year's cut-off date. The program allows customers to purchase items online and pick them up at a Wal-Mart near them.”

Executive Suite

- The Grocery Manufacturers Association (GMA) announced the appointment of LaDavia S. Drane, who has been serving as legislative council to U.S. Congresswoman Marcia L. Fudge (D-Ohio), as Senior Director, Federal Affairs.