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**Thanks to MNB
for this selection of
articles.**

Walmart Price Rollbacks Get Rolling, Rolling Rolling

The *Wall Street Journal* reports that Walmart says it is cutting prices on some 10,000 items, though it is not giving specifics about the size of the cuts. Stephen Quinn, the retailer's CMO, tells the *Journal* that additional cuts could be introduced in coming months.

The new campaign is being promoted via an advertising campaign with the slogan, "It's Rollback Time at Walmart."

Casey's Targeted By Couche-Tard In Hostile Takeover Bid

Alimentation Couche-Tard, the Canadian convenience store giant that owns almost 6,000 c-stores including Circle K, has launched an unsolicited bid to acquire Casey's General Stores for \$1.9 billion.

Casey's, which operates more than 1,500 stores, almost immediately rejected the bid, with CEO Robert Myers saying that it was an "opportunistic proposal ... attempting to capture the significant current and long-term value that rightly belongs to Casey's shareholders ... Casey's is well positioned to benefit from the global economic recovery."

According to the coverage of the story, the bid is a 14 percent premium over Casey's current stock price, and includes an assumption of Casey's \$29 million debt.

In the letter to Casey's management last week, Couche-Tard said: "Despite our repeated efforts starting in October 2009 to engage in negotiations, and without the benefit of discussing our proposal with us or our advisors, your board of directors unanimously rejected our proposal. Our goal remains to work with you to agree to a negotiated transaction. However, due to your unwillingness to engage in discussions and the unique opportunity presented by our proposal for your shareholders to realize full and immediate value, we are compelled to make this proposal known to your shareholders."

Sansolo Speaks: "Facing Hard Facts"

by Michael Sansolo

This is a column about the future of our workforce, not politics. Please re read that line again if you get spun into a frenzy by the next two paragraphs.

It doesn't happen often, but occasionally someone in Washington speaks the truth. It happened last week when Federal Reserve Chairman Ben Bernanke issued an unusually blunt warning about the nation coming to grips with the rising storms of debt and the aging population.

One line said it all. The US, Bernanke said, "*must begin now to prepare for this*

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coming demographic transition.”

It's hard to argue the point. And again, this column isn't about politics or fiscal policy; it's about the coming storm for employers everywhere, especially in the supermarket industry. Because while no one would consider the current economic climate a cause for celebration, the truth is that it has masked our manpower issue.

With unemployment running high and long-term savings plans like 401Ks running low, industry in general finds a glut of workers looking to start or stay in work. In many ways, that's good. But it won't last forever. In fact, it won't even last a decade.

The harsh reality is that the children of the Post-War Baby Boom will soon start passing age 65 daily and that migration will continue for the next 18 years. Just as Boomers crowded maternity wards and classrooms in their younger lives, their aging will have powerful implications for the nation beyond swelling the ranks of AARP.

Look inside your own company and calculate the number of Boomers currently holding jobs in top, middle and lower management. Because of simple demographics, the Boomers are everywhere. And like it or not we Boomers at some point are going to want to, or have to, move on.

When we do we'll leave an enormous management vacuum that virtually every company will have to fill. I became acutely aware of this problem while doing research for FMI's Future Connect event last year. It took little effort to find that the Boomer drain problem was already causing concern for the US military, the nation's airline industry and virtually every other part of the US economy.

This problem is even worse in other parts of the world, where the population is aging faster and the influx of immigrants doesn't fill in the gap. Kevin summarized some of these important points in his radio commentary last week. As his article pointed out, there are many reasons why the United States is uniquely positioned for even more economic growth as these demographic changes take place worldwide.

But those macro benefits could produce problems inside many companies in this industry because a growing shortage of labor means enhanced competition for the best workers. Many times that's a competition the food industry loses. So the challenge for companies is to heed Bernanke's words in a personal way and prepare now for the coming demographic transition. That means a tough examination of hiring and retention policies *now* to make certain the best people stay. That means management training programs *now* to ensure the right people are ready to lead when their time comes.

Yes, it seems strange to raise these issues at a time when unemployment is high and workers are readily available, but that's really the perfect time for action. Consider for one moment that in the depths of the current economic crisis, Intel announced a \$3 billion investment in its Arizona campus. The reason, according to one Intel executive, was to have the chip-maker fully ready for growth when economies started growing again.

An ounce of prevention is always worth a pound of cure. Especially when it translates into opportunity.

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](#).

Despite New Campaign, Study Says, Walmart Is Raising Prices

The *New York Post* reports that the pricing profiles at Whole Foods and Walmart are a little bit closer than the latter, at least, would like you to think.

According to the story, "Wal-Mart, despite launching an aggressive marketing campaign this month touting its price cuts, or 'rollbacks,' on supermarket items, has actually raised its prices on food by 2.3 percent since February, according to a new study by JPMorgan Securities. Meanwhile, Whole Foods has stuck with a price-cutting strategy, lowering its prices by about five percentage points since December vs. mainstream grocers like Kroger and Safeway, the study found."

JPMorgan analyst Charles Grom says that Walmart's discounting thus far has been more hype than reality, and that "in spite of all the visual signs. . . the average price in our 31-item basket (entirely food/consumables) actually increased."

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The *Post* writes that "Wal-Mart spokeswoman Linda Blakley didn't directly respond to the study's conclusion that the giant discounter's food prices have increased lately. This month, Wal-Mart is 'adding new rollbacks and deeper price cuts,' she said. 'We've stepped it up where our customers need us to -- with the basics of consumables and food'."

Food Lion Puts The Spotlight On Its "Low Price Heritage"

Delhaize-owned Food Lion is launching a new advertising campaign focusing on its "Low Price Heritage" and featuring its president, Cathy Green, speaking directly to shoppers.

The company says that "the launch of the spots is aimed at complementing Food Lion's 'New, Lower Prices' campaign, which started earlier this year, as well as reinforcing the company's long-standing history of low prices." The commercials will air in a number of Food Lion markets beginning April 14. The fully integrated marketing campaign will also include various print, radio, online and outdoor advertisements.

According to Ken Mills, vice president of Marketing at Food Lion, "In today's economic environment, we know price, more than ever, matters to our customers. We wanted to send a powerful message to our customers about our lower prices ... Cathy speaks on behalf of Food Lion, and she has a natural ability to resonate with customers and associates alike. Cathy delivers the message in three commercials highlighting that we have always helped our customers save on their groceries and now we are helping customers save even more through our new, lower prices."

C-Stores See 2009 Growth In A Tough Retail Environment

Statistics released at the 2010 NACS State of the Industry Summit this week indicate that "convenience store in-store sales grew 4.9 percent in 2009, one of the lone bright spots in a battered U.S. economy that saw overall retail sales drop 7.0 percent."

Excerpts from the report:

- "Overall, convenience store sales in 2009 were \$511.1 billion, accounting for 3.5 percent of the total U.S. Gross Domestic Product – one of every 28 dollars spent in 2009. Industry profits fell 7.6 percent to \$4.8 billion, but were still the fourth largest in the industry's history. The importance of foodservice – a category that includes food prepared on site, commissary items and hot, cold and frozen dispensed beverages – continues to grow, with the category now contributing 20.2 percent of overall industry profits."
- "While in-store sales rose to \$182.4 billion, the sharp decline in gas prices from a record \$4.11 per gallon in July 2008 to under \$2 per gallon by the beginning of 2009 led to a dramatic drop in motor fuels revenues for the industry that sells an estimated 80 percent of the fuels purchased in the United States. The average price for a gallon of gas dropped 28.5 percent to \$2.28 in 2009, and pulled down motor fuels revenues 26.9 percent to \$328.7 billion. Still, motor fuels sales continue to dominate industry revenues, accounting for 68.4 percent of all sales dollars."
- "Credit card fees continue to be the industry's top pain point and second largest expense item – behind only labor costs. While overall credit card fees dropped 11.9 percent to \$7.4 billion, the drop was significantly less than what would be expected with the drop in the industry's revenue dollars. As a percentage of overall sales, credit card fees actually increased, from 1.35 percent to 1.45 percent of total industry sales dollars, factoring in all forms of payment, including cash and check. Total credit card fees also surpassed overall convenience store industry profits for the fourth straight year."
- "The sour employment outlook was also reflected in the convenience store industry's employment numbers. Employment dropped 8.7 percent to 1.58 million. Indicative of the tight employment market, turnover dropped to record low levels in 2009. Manager turnover dropped from 29.0 to 21.8 percent and non-manager turnover dropped from 109.0 to 82.4 percent."

The MNB Wal-Mart Watch

- In the UK, there are reports that Walmart-owned Asda Group is looking to acquire a major general merchandise retail chain there. If such a move is made, it would dramatically increase Asda's size and close the gap with market leader Tesco.

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- *China Retail News* reports that Walmart "has signed a cooperation agreement with the commercial real estate firm Shanghai You You Group to open Wal-Mart's first Sam's Club in Shanghai," probably before the end of the year.
- *Bloomberg* reports that Walmart could be positioning itself to acquire Shoprite Holdings in South Africa, saying that "Shoprite may be the best 'fit' should Wal-Mart be looking to expand into South Africa and Africa as a whole as the company has stores across the continent."
- In Chicago, *Fox News* reports that a study done by Loyola University and the University of Illinois at Chicago (UIC) says that a new Walmart store will not necessarily bring new jobs to the city.

The researchers say that after a Walmart opened in the Austin neighborhood of the city in 2006, 82 of 306 businesses there have actually gone out of business, and that the area lost as many jobs as it gained when the Walmart opened.

According to the story, "Walmart said the researchers' methods and conclusions are flawed. Walmart admits that while the area did lose jobs, the new store actually led to the creation of 400 new jobs outside the store."

- There are published reports saying that Walmart is negotiating to acquire a 25 percent stake in Lenta, the Russian hypermarket chain. This is the latest in a series of rumors about Walmart and Lenta that have persisted in recent years, with this one saying that a deal in principal has been reached with just the details needing to be worked out.
- *Reuters* reports that Walmart plans to export hundreds of millions of dollars worth of products from India, making that country a major sourcing hub for the company.
- Walmart reportedly has regained the top spot on the *Fortune* 500 list of the world's biggest companies, supplanting Exxon Mobil Corp. Chevron remains in third place.
- *Advertising Age* reports that Walmart has begun a new advertising campaign promoting the Straight Talk wireless service - sold only in its stores - as potentially able to save users as much as \$850 a year. According to the story, "Walmart is making no bones about the fact that it's aiming to beat other prepaid and contract wireless service plans on the basis of cost." And the ad is, of course, in keeping with the ad campaign that Walmart has been using to suggest that it is the best place to save money and live better.

FastNewsBeat

- Walgreen has officially closed on its \$623 million acquisition of Duane Reade, the New York City drugstore chain. The company reportedly plans to continue operating the stores under the Duane Reade banner, as well as learn from some of the fresh food initiatives with which Duane Reade has been experimenting.

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- In West Virginia, the *Charleston Gazette* reports that Kroger has set up a system that allows its customers to “donate to the families of the fallen Upper Big Branch miners at each of the 128 stores in the company's Mid-Atlantic Region, which includes West Virginia, Virginia, North Carolina and eastern Kentucky, Ohio and Tennessee. Donations can be deposited in coin collection boxes at each register in all Mid-Atlantic Kroger stores. All money collected will be donated to the Salvation Army to help the families.”

- The *Grand Rapids Press* reports that “Meijer's latest pharmacy freebie is drawing praise from the medical community. The retailer is dispensing free doses of the most commonly-prescribed generic medications to treat Type 2 diabetes. Obtaining the immediate release form of metformin -- available in 100 tablets of 500mg, 850mg and 1,000mg -- will require a prescription.

The drug retails for \$14-\$42 for a month's supply, depending on the dosage prescribed, said Frank Guglielmi, spokesman for the Walker-based supercenter chain that has 191 stores across five states.”

- *Dow Jones* reports that even as Ahold looks for new growth opportunities in the US to build on its recent acquisition of Ukrop's, the Netherlands-based company also is planning to enter the Belgium market using its Albert Heijn banner.

“We are looking if we can push over the border and use the logistic strength of our Dutch operation,” CEO John Rishton told the company's annual shareholder meeting.

- The *Wall Street Journal* reports this morning that “Walgreen Co.'s Take Care Clinic is in ‘deep discussions’ on potential financial partnerships between several hospital systems around the country in a bid to bolster the pharmacy giant's presence in the retail clinic market.” The partnerships reportedly “may take the form of joint ventures, franchises or other business models, where hospitals may take on some of the risks associated with establishing and running a clinic.”

Such a move is seen as one way of both giving additional credibility to such clinics as well as a way of sharing the economic risk; the general sense is that the growth of in-store medical clinics in the US has stalled because of concerns about profitability.

- The *Tampa Bay Business Journal* reports that Publix has opened its first Gold Leadership in Energy and Environmental Design certified store: “The 28,000-square-foot store in Sarasota opened in April 2009 ... The store was developed as part of the Lakeland-based chain's green initiatives and supported its commitment ‘to responsibly grow and maintain a successful business without sacrificing its present viability or the planet's future,’ a release said.

“LEED...has become the nationally accepted benchmark for the design, construction and operation of high-performance green buildings. LEED certification criteria is based on many aspects, including sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality.”

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Executive Suite

- The Food Marketing Institute (FMI) announced the appointment of Pamela Stegeman to the newly created position of Vice President, Business Planning and Development. Stegeman joins FMI from the Pet Industry Joint Advisory Council where she served as president. She also served in various roles during her eight years at the Grocery Manufacturers Association, including Vice President, Supply Chain and Technology.