



## -Week Ending 4/2/10-

Below is the list of articles you will find for the week ending 4/2/10 edition of Retail Industry News.

- ▶ Sansolo Speaks: "Just the Facts"
- ▶ Supervalu Jettisons Bigg's Stores
- ▶ Roundy's Looks Close To Home For Chicago Stores' Name
- ▶ Supervalu
- ▶ For First Time, Walmart Does Most Of US Business In Groceries
- ▶ Wakefern To Serve As Grocery Wholesaler For Gristedes
- ▶ FastNewsBeat
- ▶ The MNB Wal-Mart Watch



Thanks to MNB  
for this selection of  
articles.

### *Sansolo Speaks: "Just the Facts"*

*by Michael Sansolo*

I'm not sure we Americans ever produced a better bit of advice than Mark Twain's famous line: "It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so."

The problem is that most of us simply won't question what we know to be true, even if it isn't anymore (or possibly never was.)

There are things I know for sure and occasionally they turn out to be all wrong. Years ago I had heard a story about the how the rock group Van Halen always requested bowls of M&Ms in their dressing room with all the green candies removed. The presence of any green intruders would set off mayhem. (Many people I know have heard the same story involving different colors of candies.)

Turns out, I was completely wrong.

Chip and Dan Heath, the authors of the excellent book "Ideas that Stick," recently interviewed former Van Halen singer David Lee Roth for *Fast Company* and fixed the myth for all time. It turns out there was an M&M story and all the details everyone knew were wrong.

As Roth explained, Van Halen's contracts were incredibly detailed to ensure all the correct technical support for the band's loud and intricately lit shows. Van Halen needed all those details done correctly to perform, but realistically there was no chance to check on each important specification at every venue. So Roth came up with an idea. In the middle of each contract, he inserted a demand that the band be provided bowls of M&Ms in the dressing room, but that all the brown candies should be removed. If the band members found any brown candies in the bowl, they could walk.

What Roth learned was that if the concert promoter missed that detail, other problems were lurking in the technical details. So the presence of brown candies helped Van Halen know whether lots of checking was needed.

Beyond that being a creative way to find a problem, the M&M story tells us lots more. Sometimes what we think we know can be very, very wrong. It might be how we heard the information, how it was presented and how it evolved through the journey.



Years ago a CEO told me one of the toughest jobs he faced was making sure his messages got through his entire organization without being altered or edited beyond recognition. Messages move through the organization like an adult-version of the old game Telephone. Along the way, the message changes thanks to the whims and needs of the many layers of management involved. And in the process, the hopes for improvements erode away.

In many ways, retail operations are like a rock concert, requiring incredible attention to detail. But unlike Van Halen, there's no easy way of checking up on those details. I have to believe that's why one store I visited on March 14th had a beautiful display of corned beef and cabbage without any signage alluding to St. Patrick's Day, any mention of additional ingredients or even simple cooking instructions. Or why another company sent out a flyer this week promising free salmon for customers switching to prescriptions to its pharmacies - a linkage of products that defies comprehension.

And certainly it speaks to a story in Monday's MNB on the blind produce taste test between Walmart and Whole Foods that produced a shocking winner. Or the suggestion that Whole Foods is a much tougher customer for suppliers than Walmart falls into the same category separating what we know from what isn't true.

Details matter, but the truth matters more. We need the right information so - to paraphrase Mark Twain - the things we know are actually so. That means clear communication, a willingness to listen and a recognition that all of us may not know all we think.

Pass the brown M&Ms, please.

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### Supervalu Jettisons Bigg's Stores

The *Cincinnati Enquirer* reports that Supervalu has decided to sell six of its bigg's stores to Remke Markets, and will close the other five units carrying the banner.

According to the story, "Financial terms of the deal, which is expected to close in May, were not disclosed. Meanwhile, it hasn't been decided if the Erlanger grocery chain will re-brand the six stores to be part the Remke chain or retain them under the bigg's brand, said Bill Remke, president and CEO of Remke Markets ... The purchase marks Remke Markets' return to Southwest Ohio and expands its reach to 13 stores in Ohio and Northern Kentucky. Last September, the chain closed its last Ohio store after 14 years in operation in Deer Park."

### Roundy's Looks Close To Home For Chicago Stores' Name

Roundy's Inc., which is preparing to open its first two stores in the Chicago area this year and next, has decided to create a new banner for the units - Mariano's Fresh Market, named after its chairman, Robert Mariano - who, as it happens, has a long history in the Chicago market.

According to the company, the stores "will reflect old-world adherence to quality and personal service, blended with Mariano's signature approach to supermarket innovation."

Chicago native Mariano says that the stores will offer "aisle by aisle selection and the value every shopper deserves."

### Supervalu

Supervalu CEO Craig Herkert reportedly will announce this morning the conversion of virtually every store in the company's portfolio to a limited assortment format, but said that the company will revolutionize the concept by creating different tiers for different demographics.

"Look, we were prepared to sell off anything that didn't fit into our concept of what a value-driven retailer ought to be, but



these days you can't sell anything to anyone if you're looking for a decent price that won't give the shareholders a fit," Herkert reportedly will say in his prepared statement. "My feeling is that you can't make square pegs fit into a round hole, so you might as well get some sucker to buy the square pegs. But that isn't happening, not in this economy.

"So we're going to do the next best thing. We're going to use a saw - and there are so many trees in Minnesota that there are plenty of saws to be found here - and we're going to turn the square pegs into round pegs. We're going to make them fit, or die trying."

According to documents provided exclusively to MNB in an early morning hours during a clandestine meeting in a downtown garage, the Supervalu plan is to convert stores in upscale neighborhoods into high end limited assortment stores (called Save-Enough), stores in middle class neighborhoods into middle-of-the-road limited assortment stores (called Save-More), and stores in less affluent areas into the already existing Save-A-Lot format.

"What this means," Herkert is scheduled to say in his April 1 address to company employees, "is that we will carry one SKU in almost every category in the store. Just one size, just one brand. The prices will be incredibly sharp, and we intend to take manufacturers to the cleaners when it comes to slotting allowances. They'll pay through the nose, because they'll all be competing to get into our stores, and there will only be room for one per category. It's genius!"

Any chain that does not fit into the trio of formats will be sold off, according to internal company documents. And Shaw's reportedly will be sold, just because corporate management thinks it is more trouble than it is worth.

### **For First Time, Walmart Does Most Of US Business In Groceries**

The *Wall Street Journal* reports that for the first time, Walmart saw more of its US sales come from groceries, generating 51 percent of the \$258.2 billion in revenue that it generated last year, suggesting that "the retailer's aggressive push in food and other consumables is paying off."

According to the story, "Wal-Mart has been ratcheting up efforts to convert existing stores into supercenters, 100,000 square foot stores that sell consumables in addition to clothing, electronic products and household furnishings. Last year was the first year in memory that Wal-Mart did not open any standard discount stores. It instead converted 86 existing locations into supercenters as well as opening 49 new supercenters. The retailer now operates 2,750 supercenters in the U.S., while paring back its traditional discount stores to 803 from 1,350 five years ago. Wal-Mart also has been lowering shelves and widening aisles throughout its stores as part of a program to make the shopping experience more appealing."

### **Wakefern To Serve As Grocery Wholesaler For Gristedes**

Wakefern Food Corp. announced that it will now include grocery products and consumer-packaged goods in its wholesale agreement with New York City-based Gristedes Markets. Since 2008, Wakefern has worked closely with Gristedes to provide the 33-store chain with its ShopRite private label brand, as well as health and beauty aids, dairy, frozen and specialty grocery product offerings.

"Expanding upon our existing agreement with Gristedes represents the steady growth of our wholesale business," said Joseph Colalillo, chairman and CEO of Wakefern Food Corp. "Leveraging Wakefern's buying power and expertise in procurement, as well as the company's full range of brands, products and services, results in a significant point of differentiation for our customers."

In 2007, Wakefern expanded its business to include wholesale sales to other retailers, taking the company beyond its traditional Northeastern market. Wakefern creates wholesale programs and store-specific solutions that provide a diverse mix of product offerings and retail strategies to address the needs of any customer.

### **FastNewsBeat**



- The *Grand Rapids Press* reports that “Spartan Stores and Walmart both have announced new price cutting strategies that include making those price drops obvious to shoppers as they go down the aisle.

Spartan Stores, which operates 96 stores across the state including Family Fare and D&W Fresh Markets, will launch its new price campaign Sunday. Stores will highlight deals with large, yellow sale signs hanging from the ceilings and shelves. One sign, for example, trumpets ‘This week’s big deal’.”

In addition, “Walmart, the country’s largest grocery retailer, also plans to pump up its promotions over the next six weeks, it has told market analysts. Starting April 1, customers would be greeted by signs advertising price rollbacks on 10,000 items, mostly food.”

- The *Richmond Times Dispatch* reports that Ahold-owned Martin’s Food Markets “will introduce a new gasoline program, longer store hours and a Bonuscards loyalty-card program in the next several weeks as the chain transforms the Ukrop’s stores to its own nameplate. The changes, some of which were announced in a letter to customers, will take place during the next six weeks.”

- Sprouts Farmers Market, which seems to be carving out a strong niche by offering what it calls “right-from-the-earth foods at down-to-earth prices,” opened its third San Diego location yesterday. The company now has a total of 12 California stores, and also has units in Arizona, Texas and Colorado.

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

- The *Financial Times* reports that Walmart plans to develop an e-commerce presence in both Japan and China, and will adapt its centralized online platform to serve both countries.