

# -Week Ending 4/30/10-

*Below is the list of articles you will find for the week ending 4/30/10 edition of Retail Industry News.*

- ▶ **Sansolo Speaks: "Revolution Now"**
- ▶ **Jerry Golub Named President/COO Of Price Chopper**
- ▶ **Hannaford Reformulates Private Brand Foods To Make Them Healthier**
- ▶ **New Initiative Launched In UK Supermarket Price Wars**
- ▶ **Walmart Looks For New Weapons To Combat Small Formats**
- ▶ **State Adopts Tax Increases On Convenience Items**
- ▶ **The Meat Of The Matter**
- ▶ **Wegmans Moves Away From BPA**
- ▶ **Winn-Dixie Unveils Rx Translation Service**
- ▶ **CPG Companies & Retailers Using Online Network To Connect To Shoppers**
- ▶ **Stater Bros.' Long-Term View**
- ▶ **FastNewsBeat**
- ▶ **The MNB Wal-Mart Watch**



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

## ***Sansolo Speaks: "Revolution Now"***

***by Michael Sansolo***

When we look back on the maelstrom of 2010, what will we remember as the lasting change? We might talk about the change in shopping patterns or the growth of private label, but I'm betting it's a piece of technology that becomes this year's lasting legacy.

By that, I mean the iPad. And I'm not alone.

Two weeks ago, Martha White, a business writer in the *Washington Post*, speculated on the flash of genius that might have pushed Steve Jobs of Apple to create the iPad. White speculates that when Jobs was hospitalized for his liver transplant he was likely stunned at the poor use of technology in the medical community. He watched doctors and nurses seemingly handicapped by their assorted ways of passing messages and taking notes and realized that there must be a better way.

I find that a completely credible idea. In recent years I have twice complained to my physician about this very issue as he now seems to spend far more time looking his computer and not me, which I really don't like. Sadly, I'm not Steve Jobs and I have no ability to solve that problem. Jobs has the ability. White reports that parts of the medical community are falling over themselves to get iPads in massive numbers.

The same thought could hold for retail. *Advertising Age* last week predicted this very change as applications for retail come on-line. *Ad Age* suggests the first uses will be simple, like e-commerce and interactive catalogs; subsequent changes will come in huge doses.

"In time, the iPad could be used as a virtual sales assistant, allowing sales staff in the dress department to pull up coordinating accessories from the jewelry or shoe department. Car dealers could customize a vehicle, showing customers colors and finishes, all while standing in the parking lot. Transactions could be completed without visiting a register and special orders could be placed on the spot. Cumbersome, expensive kiosks could also be replaced," *Ad Age* writes.

Can that apply to food? Skye Lininger, the chairman of Aisle 7 says it is a certainty. (Full disclosure: I work with Skye on the Aisle 7 board and we are in complete agreement on the potential of the iPad.) The reason is simple: the iPad can easily enable a greater level of customer interaction than any device in use before.

"Customer engagement is expensive and training is costly. Mobile technology may ultimately create opportunities for retailers to engage with customers in a cost-

# -Week Ending 4/30/10-

effective way that shoppers will welcome. The iPad is the best device ever for this. It is cheap, it is attractive and it is engaging," Skye says.

I think he's right. Imagine managers freed from their offices because paperwork and communications follow them anywhere and in useful form. Imagine service departments able to access information on health, nutrition, pricing or recipes anywhere in the store with minimal effort. Imagine real time communication on ordering, plan-o-grams, specials—you name it. In short, imagine the entire store enabled to interact with the shopper in any way, anywhere and anytime. Just like that, technology does what it does best: enabling better business practices and improved customer service.

If the iPad lives up to its hype it could mean a revolution in retail. Let's be honest, technology keeps bringing these kinds of possibilities. If you use a cell phone, an iPod or Facebook you know that some devices and applications actually deliver on the promise.

Here's what we have to ask: Could retail be on the cusp of a new age of communication that provides instant linkage at every moment of the day to every shopper and associate? More importantly, can we avoid being impacted by this communication revolution?

I'm thinking the answer to both is "no." And that means, we better start preparing.

*For more discussion of the impact of social media and mobile devices, join Michael Sansolo and Kevin Coupe at the MyWebGrocer booth (#2243) during the upcoming FMI show. Kevin will be there Tuesday, May 11, at 2:30 p.m.; Michael at 2:30 p.m. on Wednesday, May 12. Kevin and Michael are the co-authors of The Big Picture: Essential Business Lessons from the Movies, which is available [by clicking here](#).*

## **Jerry Golub Named President/COO Of Price Chopper**

New York's Price Chopper Supermarkets announced the following promotions:

- Jerel T. Golub has been promoted to President and Chief Operating Officer (COO), reporting to Neil Golub. Jerry has been Executive Vice President and COO since February 2008, and prior to that, he served as Senior Vice President of Sales and Merchandising and Vice President of Marketing, as well as a number of other positions in both Merchandising and Finance during his twenty-seven year career.
- Joe Kelley has been promoted to Executive Vice President, reporting to Jerry Golub. He has served as Vice President, Sales and Merchandising since February 2008 and has held many other positions in the Stores, Operations and Merchandising including Vice President, Merchandising and Vice President, Perishables.
- David Golub, has been promoted to Vice President of Administration, reporting to Jerry Golub. David has served as Vice President, Store Operations since May 2006. Prior to that, he served as a Regional Vice President, Zone Director, Private Label Category Manager, Produce/GM Specialist and Store Manager.
- Russell Zwanka has been promoted to Vice President, Sales, Merchandising and Marketing, reporting to Joe Kelley. Zwanka most recently served as Vice President of Merchandising. Before joining Price Chopper, he was Executive Vice President, Procurement and Marketing at the Northwest Company.
- Mike Davidson has been promoted to Vice President, Operations, reporting to Joe Kelley. Mike most recently served as Regional Vice President, Operations. Before joining Price Chopper, he was Vice President, Operations with Marsh Supermarkets and Vice President, Operations and Merchandising with Tops Markets.
- Mark Chandler has been promoted to Vice President, Supply Chain, reporting to Jerry Golub. He will assume responsibility for the Distribution/Transportation area. Mark joined Price Chopper in 2005. Prior to that, he was the CPG Industry Director for Kurt Salmon Associates.
- Bob Doyle has been promoted to Vice President, Distribution, reporting to Mark Chandler. Bob joined the company in 1976 and has held various positions in Store Operations, Human Resources, Transportation and most recently served as Vice President, Warehousing.

As part of the company' succession plan, Neil Golub will continue to serve as chairman and CEO.

# -Week Ending 4/30/10-

## Hannaford Reformulates Private Brand Foods To Make Them Healthier

The *Portland Press Herald* reports that Hannaford Supermarkets "has taken trans fats out of its store-brand foods, joining a global effort to eliminate the artificial ingredient from modern diets. The Scarborough-based grocery chain modified the recipes of 295 products over the past year to remove the fats, which help in the production and preservation of processed foods but clog the arteries of people who eat them."

Julie Greene, director of Hannaford's healthy living program, tells the *Globe* that "the effort didn't increase Hannaford's costs, and that the company has not received a single comment from a consumer who noticed the change."

## New Initiative Launched In UK Supermarket Price Wars

Walmart-owned Asda Group in the UK has announced that it is firing what it calls "the final shot" in the British supermarket wars, pledging that the "Asda Price Guarantee" insures that "it cannot, and will not, be beaten on price." According to the announcement, "The launch of the Asda Price Guarantee heralds the official end of the grocery price war between all the major supermarkets, and covers over 13,000 branded and own brand products, and items on promotion."

Andy Bond, CEO of Asda, says, "From today, Asda cannot, and will not, be beaten on price. Our grocery guarantee puts an end to the phony price wars that most shoppers are sick of. Plain and simple, our Price Guarantee is our cast-iron promise that your basket of shopping will always be cheapest at Asda. And for the millions of shoppers who go elsewhere, my challenge is this - come to Asda this weekend and see for yourselves how much you'd save."

The company says that "if shoppers can purchase a basket of eight or more comparable products cheaper elsewhere, the retailer will give them the difference, plus a penny more for good measure."

## Walmart Looks For New Weapons To Combat Small Formats

The *Wall Street Journal* reports that Walmart "is exploring opening a number of small outposts to penetrate the nation's cities and fight the spread of no-frills grocery chains, which are luring away some of its core customers," and that CEO Mike Duke says in the company's annual report that Walmart's growth will be fueled by "innovative new formats."

The paper notes that Walmart has tried a variety of small formats in the past, including its Neighborhood Market and Marketside chains. But Neighborhood Market has always been plagued by questions about ROI (especially compared to the Supercenter format), and Marketside's early returns and reviews were disappointing enough to keep it to just four stores at this point. But Walmart cannot afford to be complacent, since the growth of limited assortment, sharp-discount chains such as Aldi and Save-A-Lot creates new pressures on the world's biggest retailer.

## State Adopts Tax Increases On Convenience Items

Washington State Gov. Chris Gregoire has signed into law a series of tax increases on products such as soda, bottled water, major-brand beer, candy and cigarettes, the proceeds of which will be used to avoid cuts in education, health care and human services. The new taxes are expected to generate \$780 million, and help close a \$2.8 billion budget deficit.

According to the *Associate Press* story, "The tax package is generally broken into two pieces: A tobacco tax that adds \$1 to the price of a pack of cigarettes and a larger bill that rounds up all the other tax hikes. The tax on soda bottlers would add 2 cents to every 12-ounce container, but exempt bottlers under \$10 million in volume. The higher beer tax adds 50 cents per gallon — a 28 cent-increase on a six-pack. Microbrews would be exempt, aimed at helping Washington state companies."

Some of the taxes will be phased in over a period of months, while some will be temporary and phased out in June 2013.

## The Meat Of The Matter

*Bloomberg* reports that "U.S. meat prices may rise to records this summer after farmers reduced hog and cattle herds to the smallest sizes in decades, the result of

# -Week Ending 4/30/10-

surging feed costs linked to demands for more ethanol.

"Wholesale pork jumped as much as 25 percent this month to 90.68 cents a pound last week, the highest since August 2008, U.S. Department of Agriculture (USDA) data show. Beef climbed 22 percent this year to \$1.6896 a pound on April 23, the most expensive since July 2008. Chicken's gain in March was the most in 20 months."

Some analysts believe that this means that retail prices may hit a high in the next three months, but that sales could actually go down because Americans - still bruised and battered from the recession - choose to buy cheaper cuts or switch to other, less expensive foods.

## **Wegmans Moves Away From BPA**

New York-based Wegmans has weighed in on bisphenol-A (BPA), the controversial chemical that some scientific organizations have conclude is unsafe when included in food and beverage containers, especially those used by children.

And, as is typical for Wegmans, the company is being utterly clear about its train of thought and why it has reached the conclusions it has. The following is the text of an online message posted by Mary Ellen Burris, Wegmans' senior vice president of consumer affairs:

"In 2010, we have switched all our Wegmans unbreakable drinkware to a new Tritan material (made by Eastman Chemical) that is BPA-free, tested for us by two independent laboratories, one of them in Germany.

Wegmans began hearing from customers about BPA in the fall of 2007. As with any emerging issues, our team began the process of looking through the science and related issues and consulted with outside experts. In March of 2008, Wegmans held a roundtable panel with leading independent scientists and industry representatives, to further educate ourselves about the environmental and health implications surrounding BPA (as well as other plastics).

The chemical BPA has been used in the manufacturing of polycarbonate plastics since the 1950s to provide durability and heat resistance in hundreds of household products including bicycle helmets, safety glasses and compact discs. Polycarbonate plastics are typically clear and hard and are used to make a wide range of products sometimes marked with the recycle symbol 7 and/or the letters PC. BPA is also used to manufacture epoxy resins used to line canned and jarred goods such as soup, baby formula, fruits, and vegetables to prevent corrosion and food contamination.

"The National Toxicology Program (NTP) concluded in their brief on BPA in April of 2008, that the scientific evidence from laboratory animal studies supports a conclusion of "some concern" for exposures in fetuses, infants, and children. Those studies reported that "low" level exposure to BPA during development can cause changes in behavior in the brain, prostate gland, mammary gland, and the age at which females attain puberty. These studies only provide limited evidence for adverse effects on development and more research is needed to better understand their implications for human health.

"The FDA, after reviewing studies, stated in October of 2008 it felt the amount of BPA found in humans was not enough to cause concern. However, because there was question that the original review considered results funded mostly by the chemical industry, the FDA conducted an additional review of related science surrounding BPA, to include research not submitted to FDA for the October 2008 review. In cooperation with the National Toxicology Program, FDA's National Center for Toxicological Research is carrying out in-depth studies to answer key questions and clarify uncertainties about the risks of BPA. In January, 2010, the FDA released a preliminary statement regarding the BPA review ... The National Institutes of Health (NIH) is devoting \$30 million dollars to a two-year study of the safety of BPA. The United Nations World Health Organization and Food and Agriculture Organizations have called an expert meeting to review toxicological and health aspects. The meeting will be held in October of 2010."

## **Winn-Dixie Unveils Rx Translation Service**

Winn-Dixie Stores have introduced the newest feature of the grocer's WD RxConnect program with the launch of WD RxConnect Translate, a translation service available in 62 of its in-store pharmacies across the company's operating area. WD RxConnect Translate helps Winn-Dixie pharmacists overcome language barriers so that they can effectively complete transactions and consultations with their customers.

The 62 Winn-Dixie pharmacies equipped with WD RxConnect™ Translate were identified through an in-depth analysis to determine need. Each participating

# -Week Ending 4/30/10-

pharmacy has a special two-line phone that connects both the pharmacist and the customer to an interpreter. Pharmacists present a counter card that introduces the free service to customers when communication is a challenge. Once the customer identifies a language preference, the pharmacist phones an interpreter who can help communicate questions and concerns via a three-way call. The service is available in more than 100 languages including Arabic, Armenian, Cantonese, French, German, Hindi, Hmong, Italian, Japanese, Khmer (Cambodian), Korean, Laotian, Mandarin, Polish, Portuguese, Russian, Spanish, Tagalog, Thai, and Vietnamese.

## CPG Companies & Retailers Using Online Network To Connect To Shoppers

The *New York Times* reports on a company called Foursquare that is using an online network connected to people's smart phones to inform its clients - including PepsiCo, Starbucks, Macy's and Tasti-D-Lite - when registered shoppers are near a either a specific store or a store that sell the client's product. Those shoppers can then be sent an email or text message reflecting a specific deal, reward or discount.

According to the *Times*, "the location-based opportunity is particularly big for consumer packaged goods brands like Pepsi. Those brands market their product heavily, but they depend on drugstores or restaurants to actually get consumers into stores. With Foursquare and apps that track consumers' locations, Pepsi can strike a deal directly with the consumer."

The *Times* says that Pepsi's Foursquare program will begin in June, and it is anticipated that "when a Foursquare user is near a Pepsi retailer, an offer to enroll the person in a Pepsi rewards system will appear. Once people are enrolled, whenever they check in at a grocery store or drugstore selling Pepsi, they will accumulate rewards points or badges that they can redeem for products or offers or donate toward charities." The *Times* writes, "Foursquare is sort of a social application meets game. Its members press a button upon arriving at various locations to 'check in,' letting them accumulate points — they compete to be 'mayor' of a certain site, or the person with the most check-ins at that site, and can unlock badges for completing certain activities."

"It gives us immediate feedback for what's going on in the marketplace," Margery Schelling, chief marketing officer of PepsiCo Foodservice, tells the *Times*. "That's invaluable."

## Stater Bros.' Long-Term View

In California, the *Press Enterprise* has an interview with Stater Bros. CEO Jack Brown, who talks about the chain's current strategy of building customer count even if profits don't go up.

"Last quarter we just barely made a profit," Brown says. "But that is OK. As long as we pay all our bills we can hold out ... our customer counts have gone up. From January through March of this year we served 500,000 more customers than during the same months last year.

"What I am gambling on is when this is over and they all go back to work maybe half will remember who took care of them when they needed it."

## FastNewsBeat

- The Great Atlantic & Pacific Tea Co. (A&P announced that it is lowering prices on more than 400 generic prescription drugs to \$3.99 for up to a 30-day supply that are sold by its A&P, SuperFresh and Waldbaum's stores.
- The *Philadelphia Inquirer* reports that "Wegman's, the Rochester, N.Y.-based supermarket chain, is using 50 hydrogen-fuel-cell-powered forklifts to move pallets of fresh produce daily onto trucks that travel from its Pottsville warehouse to stores in five states. ... The project received partial federal and state funding."
- The USC Marshall School of Business Food Industry Management (FIM) Program announced that it will honor Jim Lee, President and Chief Operating Officer of Stater Bros. Markets, as its Food Industry Executive of the Year. Lee will receive the honor at the school's graduation ceremonies later today.
- Trader Joe's has announced that it will open a store in Omaha, its first in Nebraska...responding at least in part to a Facebook campaign called "Bring Trader Joe's to Omaha, Nebraska".

# -Week Ending 4/30/10-

## The MNB Wal-Mart Watch

- *Crain's New York Business* reports that Walmart is looking at a Brooklyn location - the Gateway II shopping center near Jamaica Bay - as a possible location for its first store within the city limits.

"We know that New Yorkers want to shop and work at Walmart, and as a result, we continue to evaluate potential opportunities here," Walmart exec Steven Restivo told *Crain's*. "New Yorkers want quality jobs and affordable groceries, and it remains our goal to be part of the solution."

The company has been turned back in previous efforts to open stores in Staten Island and Queens, and former CEO Lee Scott famously once said that the New York City wasn't "worth the effort."

- The *Wall Street Journal* reports that Walmart has one important supporter in its efforts to open a store in New York - a goal that seems a little closer at the moment with reports that it has identified a location in Brooklyn and the implication in some of them that it has a willing potential landlord.

The supporter is Mayor Michael Bloomberg, who said this week, "People that live in this city are going outside the city to shop at Walmarts. So, if they're going to shop at Walmarts, they might as well live here, they might as well have the jobs here and the tax revenues here." Bloomberg also said that he would not support any law designed to ban a specific business entity from operating in the city.

Less sanguine about the possibility is City Council Speaker Christine Quinn, who said, "The Mayor and I have a slightly different opinion on Walmart. And I obviously want as many new jobs and new businesses in New York City as we possibly can. I think it's important to be supportive in soliciting businesses that are of a particular standard, and I don't think Walmart meets that standard."

- *Reuters* reports that Walmart has promised to "implement additional beef safety measures to protect customers against food-borne illnesses ... Suppliers who do not operate slaughter houses must comply with the new standard by June 2011, while beef slaughterhouse suppliers would have a two-step approach, with the first step to be completed by June 2011 and the second by June 2012, Walmart said."

According to the retailer, it will work with suppliers to make sure that the new food safety measures are implemented without any additional cost to shoppers.