



## -Week Ending 4/9/10-

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

### ***Sansolo Speaks: "Simple Truths"***

***by Michael Sansolo***

*Where have you gone, Bob Garfield? A nation turns its lonely eyes to you...*

Odds are many of you haven't heard of Bob Garfield (and sadly many of you have no idea what song I just mimicked. Rent *The Graduate!*) But let's get back to Garfield, who announced yesterday he was ending a 25-year run as the advertising reviewer for Ad Age magazine.

Garfield's reviews were always worth reading. They were funny, insightful, provocative and occasionally incendiary. (Remind you of any news service you get daily?) Mostly they were great because they were honest. Garfield was unafraid to pull back the curtain on bad or overdone advertising. He would lambast ads that were far too clever and forgot to sell their products and he would gush over great advertising that was memorable and moving. Remember: "Wassup!"

A few years back I hired Garfield to speak at a Food Marketing Institute (FMI) function and he was everything I expected. He irritated some people, enlightened others and left no one feeling ambivalent. My only regret was that in the process of preparing his speech he asked me if he could do a montage of company presidents acting as television spokespeople for their companies - a role Garfield felt few, if any, played well. I asked him not to, for fear of having the entire board of directors in the montage. Garfield agreed, but in the end I was wrong. It was a message that should have been heard.

What makes someone like Garfield so fabulous is honesty and the willingness to question what everyone else sees, but no one asks. It's an uncomfortable role, but essential and far too many companies could use a Garfield around simply to keep them honest. (The good news for at least some companies is that he apparently will spend his post-*Ad Age* life as a consultant ... "my brain is for rent," he wrote yesterday.)

An example of asking the uncomfortable question: this past Sunday evening, my daughter and I were in our local supermarket, which serves a community with a sizable population of very observant Jews. Our local Giant store does an excellent business in selling challah, a bread that is most widely used at the start of the Jewish Sabbath on Friday nights. But on Sunday, my daughter pointed out, there was an enormous display of challah - which struck her as unusual since this past



week was Passover, *the holiday when Jews don't eat bread*. (One has to believe that Giant founder Izzy Cohen was not resting in peace over this mistake...)

Clearly, nobody pointed this out to the powers that be at this store. Nobody asked the question. And the betting here is that, unless there was a stunning shift in Easter Sunday dining habits, there was a lot of Challah going to waste at this particular store.

That's why we have to question and encourage questions all around us. Because sometimes the most obvious mistake is missed by nearly everyone and we need someone to point it out.

At the risk of doing yet another plug for "The Big Picture: Essential Business Lessons from the Movies" ... the reason Kevin and I mention it so often is that we believe the lessons have relevance. In this case, consider the lesson of *Star Trek V: The Final Frontier*, which may be the worst film mentioned in the book, but demonstrates the importance of asking the uncomfortable question in a critical scene toward the end, when Captain Kirk makes a query that everyone around him sees as impertinent, rude and disrespectful. Until they realize that he is right to challenge even the ultimate authority.

It's the absolute right question. Ask yourself if you'd do the same or, worse yet, how you'd react if someone questioned you.

Yesterday, Kevin took note of a *New York Times* interview in which Andrew Cosslett, CEO of InterContinental Hotels Group, said much the same thing: "There's a lot of perceived wisdom in most industries that hasn't been challenged for years. The trick in business is not to care too much. Because if you care too much, you won't ask questions and you won't challenge because you'll care too much about your position and what someone's thinking about you."

So best of luck, Bob Garfield. Enjoy the world of consulting and don't stray far with those caustic comments. Honesty is never in oversupply.

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### **The Nation's Ten Fastest Growing Retailers, And Why They Excel**

*Forbes* is out with its list of the nation's ten fastest growing retailers:

- Apple Store
- Amazon.com
- PriceSmart (which operates club stores in the Caribbean and Latin America)
- Urban Outfitters
- Netflix
- Chipotle Mexican Grill
- BJ's Restaurants/Brewhouses
- Buffalo Wild Wings
- The Buckle (a Midwestern clothing chain)
- Texas Roadhouse

*Forbes* says that the list is based on "sales growth of major retail chains over the past three years using data compiled by the National Retail Federation, *Stores* Magazine and company annual reports. Companies that derived sales growth primarily from acquisitions, such as grocer A&P with its pickup of Pathmark, were omitted."

### **Fresh Direct Targets Connecticut**

FreshDirect.com, the New York City-based pure-play online food delivery service, will expand into Greenwich, Connecticut, the company plans to announce today. At the same time, the company will double its presence in next door Westchester County to 21 communities.



"FreshDirect has grown consistently since we launched in New York City eight years ago and we're excited to begin serving new neighborhoods in Connecticut and Westchester County," CEO Richard Braddock says in a prepared statement. "Our core mission is to change our customers' lives by giving them a superior online shopping experience and this is another significant milestone as we look to saturate the tri-state area and beyond."

The move will further put FreshDirect into greater competition with Ahold-owned Peapod, which is operated with its Stop & Shop chain in this marketplace, though FreshDirect seems to put a greater emphasis on fresh and prepared foods, while Peapod's focus is more on packaged grocery.

### **Kroger Takes Over Little Clinic As It Tweaks Business Model**

*Drug Store News* reports that "retail-based clinic operator The Little Clinic has stated for the first time that it is a wholly owned subsidiary of grocery chain Kroger." The statement reflects an expansion of Kroger's original position in 2008, when it made an unspecified but "significant" investment in the in-store medical clinic company.

At the same time, *Drug Store News* notes that "The Little Clinic confirmed that it has exited five markets -- Indianapolis, Houston, Toledo, Detroit and Richmond -- and closed five additional clinics in three markets, effective April 2. With these closings, Kroger and The Little Clinic stated that they are focusing on 'strengthening the business model to better service the healthcare needs of customers in an affordable, convenient manner'."

### **Giant Eagle Buys Five Former Penn Traffic Units**

The *Pittsburgh Business Times* reports that 200-unit Giant Eagle has made a deal to acquire five former Penn Traffic units in Pennsylvania from Tops Markets, which recently acquired Penn Traffic's retail assets.

According to the story, "The purchased stores include BiLo Foods in Brookville, DuBois, Johnstown and St. Marys, and the Quality Market in Titusville."

### **BJ's Powers Up With New Solar Installations**

BJ's Wholesale Club says this morning that it is adding four solar photovoltaic (PV) systems to its roster of 12 rooftop solar power installations in six states.

The installations are being created through a partnership with Tioga Energy, a supplier of renewable energy services to commercial, government, and non-profit institutions. The first two rooftop systems, currently under construction at clubs in Leominster and South Attleboro, Mass., are scheduled for completion next month, with two additional projects in New Jersey to be completed in this summer. The company says that the systems will be installed and financed through Power Purchase Agreements (PPAs) with Tioga, allowing the clubs to implement solar energy without upfront costs. In addition to the clean power provided by the systems, Tioga's SurePathSM Solar PPA offers BJ's predictable energy prices, providing up to twenty-two percent of the club's yearly electrical needs, at a cost lower than the standard utility rates.

### **Study Says People Remain Down On Economy, Up On Private Brands**

*Marketing Daily* reports that a February poll of 800 supermarket shoppers sponsored by the Private Label Manufacturers Association (PLMA) indicates that 80 percent of them believed that there has been no improvement in the economy, 40 percent believe that the economy actually has gotten worse, and that - not surprisingly - this translates into greater private brand usage.

According to the story, "About 39% say the current economy is a 'very important' factor when they buy a store brand, and 62% say they intend to purchase more private-label products going forward. When asked if they had recently ditched a national brand purchase in favor of a generic purchase, 43% say yes.



"A year ago, only 35% said they had done so. Some 57% describe themselves as frequent purchasers of private-label goods, up from 55% a year ago -- a percentage that is consistent across gender, income and age. Awareness of the extent of private-label options, however, is highest among younger shoppers, with 72% of those in the 18-24 group saying they are more aware of private-label products than they were a year ago, compared with 55% of those age 65-plus."

The numbers suggest that current private brand penetration - estimated to be about 24 percent in units and 18 percent in dollars - is likely to increase because of continuing consumer concern about the economy.

### **Fresh & Easy's Flurry Of Activity**

After a year in which recession caused it to slow down its expansion plans, Tesco-owned Fresh & Easy Neighborhood Markets in the US is in the middle of a series of store openings - opening four stores in California yesterday, and with seven more openings planned for the next two weeks, four in California and three in Arizona.

The openings bring the total of Fresh & Easy stores in the western US to 156.

In addition, in the UK, the *Telegraph* reports that Fresh & Easy is making a bigger push to attract Hispanic and Spanish-speaking customers

According to the story, Fresh & Easy "is working with RL Public Relations ... which specializes in Hispanic marketing. The drive to attract Hispanic customers has to date involved the creation of a Spanish-language website, which mirrors its English website almost word for word, as well as advertising on Spanish-speaking radio. The retailer has also advertised in Spanish publications, with a particular emphasis on the company's recent 'Shop for Schools' promotion.

"It has also created special in-store cards for certain favourite dishes including quesadillas, tamale and chorizo salad – all using F&E ingredients – and held a special Hispanic Holiday event just before Christmas as well as placing F&E chefs on Spanish-language television programmes.

"F&E is now concentrating on increasing the quantity of key brands popular with the Spanish-speaking community in its shops. In many cases it often already stocked the brands, but is now increasing supplies and making them more visible to customers."

### **Costco Goes To Asia, Brings A Little Bit Of America With It**

The *Wall Street Journal* reports on how Costco has found a successful business model in Asia. Take, for example, a Costco store in Taiwan:

"Inside are aisles of merchandise stacked floor-to-ceiling. But mixed in with such familiar U.S. products as Tide detergent and Pepperidge Farm cookies are local favorites such as sea cucumber, mahjong sets, and stewed and braised beef noodle soup.

"Offering an experience that's authentically American while cultivating local tastes has proved a successful formula that has made the store, located in Taipei's high-tech Neihu district, the 567-store chain's second most profitable, behind a Korean outlet."

"'What we've done here is reflective of what we do in all of our international markets,' said Richard Chang, Costco's Taiwan chief in an interview in Taipei. 'We want to make it as authentic as possible, but we also want to localize. It's proven to be a successful combination'."

The *Journal* writes that "Costco is planning further expansion in all of its Asian markets, including doubling its Taiwan store count in the next five years from six and opening a distribution center. It also is accelerating its expansion in Australia." And, the newspaper notes, "Taiwan offers a nice template should Costco decide to enter an even bigger market: China."



### Supervalu Sells Another Bigg's

Published reports say that Remke Markets, which just recently agreed to buy six Bigg's stores from Supervalu, has now decided to acquire a seventh store, in a suburb of Cincinnati.

Supervalu had previously decided to sell six to Remke and close the other five.

Terms of the deal were not disclosed.

### FastNewsBeat

- 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 U.S. Environmental Protection Agency (EPA) recently recognized the Food Lion Family of Banners and Bottom Dollar Food with a ninth consecutive ENERGY STAR award. The award, for sustained excellence, is the company's seventh consecutive honor in this category. The company was one of 50 companies recognized in the Sustained Excellence category and among 110 overall award winners.
- In Massachusetts, the *Patriot Ledger* reports that Fresh Market is getting ready to open its first store in the state, a 23,500 square foot unit at The Launch at Hingham Shipyard on April 7.

### The MNB Wal-Mart Watch

- The Walmart Foundation today announced a total of \$3.4 million in grants to nonprofits focused on helping Americans get back to work. Specifically supporting programs that take regional approaches to developing and deploying a skilled workforce, this funding from the Walmart Foundation will benefit seven nonprofits across the U.S.
- The *Wall Street Journal* reports that "Wal-Mart Stores Inc. is stepping up its international e-commerce expansion, looking for staff, talking to vendors and mapping its approach to what could become one of the world's biggest Internet initiatives. Wal-Mart wants to mix the best of what is already offered with new elements that could allow the company to sell from the U.S. into overseas markets and use its presence in other countries as a springboard for online sales."

Steve Nave, general manager of Walmart.com, tells the *WSJ* that the retailer - which already generates more than \$1.74 billion in online sales - is looking to capture a bigger share of the online pie and catch up with companies such as Amazon.com (which does \$19.2 billion in annual sales) and Staples.com (\$7.7 billion).

### Executive Suite

- Supervalu announced that it has hired Wayne Shurts, most recently the global chief information officer for Cadbury, as its new executive vice president/CIO.

"Wayne is a strong and proven leader who understands the grocery industry as well as the systems behind supply chain and logistics within retail organizations," said Craig Herkert, Supervalu's president/CEO, in a prepared statement. "He is an outstanding addition to our team, and will be invaluable as we continue our focus on becoming America's Neighborhood Grocer."