

-Week Ending 5/28/10-

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

Defining The "Obsolete" Customer Service Model

The *Richmond Times Dispatch* had a column over the weekend by Gray Poehler in which he addresses what he calls the "obsolete" notion of customer service in the retail business, noting that the now-extinct Ukrop's brand was "a prime example of a business that grew and prospered by putting the customer first."

Here's some of what Poehler had to say:

- "Given the current economic slowdown, job losses and other uncertainties, it is no wonder that the masses look to save a penny any way they can. The big-box retailers and discount stores are the beneficiaries of this mentality. However, when they compete solely on price, you should expect to deal with certain inconveniences, such as a lack of helpful sales clerks and long checkout lines.
- "That we now live in an increasingly impersonal world is no secret. Try getting a live person on the phone at any major service provider. We have been programmed to deal with automation and the Internet. When you are lucky enough to reach a human being, you are usually referred to another department, which requires that you repeat the process."
- "Many retail-store clerks, when you can locate one, seem indifferent to whether you buy something or not, unless they work on commission. Many are not that knowledgeable about their products or services. It is, therefore, quite refreshing when you come face to face with a sales clerk who takes a genuine interest in "helping" versus selling.

When was the last time you came across someone whose sole motivation was to help you make a wise and informed decision?

"Thankfully, many people still value their time and are willing to pay a little more for the personal touch.

"These 'valued customers' like to shop at places where they are greeted by name -- where service personnel remember their preferences, are knowledgeable and make them feel appreciated. They not only will come back often, but also will tell their friends."

Report: CPG Companies Should Take Care Responding To Private Brands

Planet Retail is out with a new report suggesting that CPG manufacturers need to be careful as they address what they perceive as the growing threat of private brands.



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"In the recession, many brand manufacturers responded to the private label threat by launching their own value sub-brands. While these brands may have helped to retain shoppers from defecting to private label, they could do damage to the brand in the long-run," said co-author Matthias Queck, who also serves as the company's research director.

At the same time, the report says that CPG companies should be careful about their new direct-to-consumer models, such as the one announced by Procter & Gamble last week.

According to Natalie Berg, another co-author of the report, "Retailers have been stripping out the middleman for years by pushing their private labels. Brand manufacturers are now recognizing an opportunity to do the same by going direct-to-consumer through brand stores, services and online channels." Berg says that these tactics are beneficial in terms of driving brand awareness but are unlikely to be profit centers in their own right. The more successful and sustainable strategy is for retailers and manufacturers to work together in the form of joint planning, promotions and co-branding in certain cases.

Sansolo Speaks: "Out of Touch"

by Michael Sansolo

As even casual readers of this column know, I try to find lessons everywhere. Whether it's from movies, sports, world events, economics, children's games or fashion, I argue that there is always something for us to consider and learn.

And then there's Congress ... where the best lesson may be to watch what happens and head the other way.

Well, the hits just keep on coming. The *Omaha World-Telegram* reported on an amazing discussion in the Senate last week surrounding proposals to limit the fees charged on ATMs. It turns out that Nebraska's two senators - one a Democrat and one a Republican - aren't exactly cutting edge on technology. One admitted he has never used an ATM; the other said he might have used one three or four times *in his life*.

Now think about that for a second. We're talking about a technology that was invented in the 1960s and has been ubiquitous in the US since the early 1980s. ATMs are found in literally millions of locations around the US including on the way to the Senate floor. Sure, we could forgive Senators for leading unusual lives that somehow remove them from what the rest of us face daily, but this one just seems too much to swallow. (Ironically, the inventor of the ATM died only a few days before this news appeared. He was 84, older than either Nebraska Senator.)

However, making fun of Congressional quirkiness is hardly a lesson or a challenge. Rather, I think we have to consider the attitude of anyone in power ignoring a technology that is popping up all around them.

It wasn't that long ago that many CEOs I knew bragged that they had a computer on their desk...but they never, ever turned it on. Some mentioned this like a badge of courage. Likewise, their use of e-mail consisted of reading the notes printed on paper by their assistants. It wasn't until a handful of fellow leaders started demonstrating the incredible time savings of new technologies for themselves and their companies that we started to see a change. Today we have top executives checking Blackberries (and beyond) just like everyone else.

Now certainly we all have the same problem that there is only so much time in the day and only so many technologies we can learn. I'd hate to find an executive driving a fork lift, running price checks or waiting by the fax machine instead of doing something more productive. Nor would I like to have executives constantly checking You Tube, Facebook or Twitter for updates. The nature of management jobs demands that we leave certain tasks - and technologies - to others. But that doesn't excuse ignorance or apathy.

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We live in a time when more generations are working together than ever. Think of the stunning opportunity to sit down with a junior member of your team to talk about the technologies they use. You might learn things about social media, mobile devices, killer apps and more. At the minimum these talks will make you sound tons cooler and at the upside may give you business ideas beyond anything you could imagine. You might learn about how your employees are using technology to produce benefits in ways you could never imagine or, better yet, the ideas they have to use technology even more productively in the future. You might learn more about what your customers do today and what they are likely to do tomorrow.

So for once, we have Congress to thank. After all, we want to studiously avoid becoming like the distinguished senators from Nebraska who at some point must have wondered about those strange machines outside banks, airports, supermarkets and their offices. (It's not like Congressmen get money in other ways, is it?)

No one is saying that you have to be expert in every emerging technology, but certainly don't bury your head in the sand. Or in Congress.

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](#).

Supervalu To Target Urban Food Deserts With Save-A-Lot Format

Bloomberg reports that Supervalu plans to expand its Save-A-Lot limited assortment concept "in urban areas to fill in gaps left after larger chains moved to the suburbs ... About half of Save-A-Lot's stores will ultimately be located in metropolitan areas, said Bill Shaner, president and chief executive officer of Save-A-Lot. The expansion is still in the planning phase, he said in a telephone interview."

Shaner points out that Save-A-Lot currently has stores in cities like Philadelphia, Cleveland and Detroit, and is planning to enter the Washington, DC market within several years.

"Some of the urban markets have a dearth of supermarkets that are quality grocers delivering good, nourishing food at good prices," Shaner tells *Bloomberg*. "We offer a good solution for that opportunity and we are very focused on that."

End Of An Era: Last Remaining Simon David To Close

The *Dallas Morning News* reports that Safeway has decided to convert the original and only remaining Simon David store in the market to its Tom Thumb format.

According to the story, "The Simon David name has been part of the Dallas grocery scene since the late 1800s. Tom Thumb bought the company in 1963 as the popularity of finer foods was taking off ... The location has been a Simon David store since 1961," predating such current specialty food retail names as HEB's Central Market and Whole Foods.

Consumer Confidence On Rise

The Conference Board is out with its May Consumer Confidence Index, which it said was 63.3 up from a revised 57.7 in April and a significant improvement over the all-time low of 25.3 registered in February 2009.

Lynn Franco, director of The Conference Board Consumer Research Center, said in a statement that though confidence is still weak, it appears "to be gaining some traction," though continued high unemployment is seen as an extended problem for consumer confidence.

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FastNewsBeat

- There will be four new ShopRite stores operating in Connecticut this week, as locations in Canton, Enfield, Hamden and Stratford open up, part of the group of 11 former Shaw's stores that were acquired by Wakefern Food Corp. when Supervalu-owned Shaw's decided to bail out of the Nutmeg State.

Four more former Shaw's stores are slated to reopen under their new banners next month, with three more to be unveiled later this year.

- *Gourmet Retailer* reports that Target CEO Gregg Steinhafel told analysts recently that "the company is on track to remodel more than 240 stores this year with the expanded grocery, or P Fresh, areas. 'By the end of the third quarter, we expect to have more than 450 general merchandise locations, with the P Fresh assortment and presentation,' he said."

- Kroger announced that its associates have ratified an agreement with United Food and Commercial Workers (U.F.C.W.) Local 1000 that covers more than 8,000 Kroger associates who work in 90 stores in and around Dallas for Kroger Texas.

- In Illinois, the *Daily Herald* reports that "the first Mariano's Fresh Market, a new supermarket from Roundy's, will open July 20 in Arlington Heights after a related charity event July 19, according to village officials."

The MNB Wal-Mart Watch

- *Computerworld* reports that Walmart plans to make "all its payment terminals in the U.S. compliant with a smartcard-based credit card technology that is widely used around the world but isn't common in the U.S." The retailer reportedly is "working on making all payment terminals in its domestic stores chip-and-PIN-capable."

Jamie Henry, Walmart's director of payment services, is quoted as telling a smartcard conference that signature-based credit-card transactions have become a "waste of time" for the retailer.

The magazine says that the increase in credit card fraud in the US is likely to push the card industry here to move toward smartcards, which use computer chips rather than magnetic stripes.

- *Bloomberg* reports this morning that Walmart-owned Asda Group has made a deal to acquire 193 UK discount supermarkets operated under the Netto banner and owned to this point by A.P. Moeller-Maersk A/S's Dansk Supermarket.

Cost of the deal: the equivalent of \$1.13 billion (US).

Executive Suite

- Safeway announced that Tom Schwilke, currently the company's Texas Division President, will be joining the company's corporate merchandising team as President & General Manager, Perishables, reporting to Kelly Griffith, President, Merchandising.

Succeeding Mr. Schwilke as Texas Division President will be Paul McTavish, currently Vice President, Retail Marketing Execution in Safeway's Denver Division.