

-Week Ending 5/7/10-

Below is the list of articles you will find for the week ending 5/7/10 edition of Retail Industry News.

- ▶ **Sansolo Speaks: "The Prince and the Polish"**
- ▶ **WinCo Sees Opportunity To Rise In Phoenix Marketplace**
- ▶ **Fresh Market Files IPO**
- ▶ **FastNewsBeat**
- ▶ **The MNB Wal-Mart Watch**
- ▶ **Executive Suite**



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

Sansolo Speaks: "The Prince and the Polish"

by Michael Sansolo

As a rule, I don't tend to make a lot of friends on airplanes. People will tell you that ordinarily I'm very friendly on the ground, but in the air my goals are simple: sleep, work and read. It takes a lot for me to talk to my seat mates and recently I got a great lesson for doing just that.

It happened when the woman next to me on a packed plane just caused too many questions for me to avoid contact. What she looked like wasn't the cause. It was a combination of things.

First, she was reading a magazine article with a headline I must admit commanded my attention: "50 Great Things To Do With Your Breasts." To be clear about this, the magazine was *Cosmopolitan* so you know it wasn't about poultry. (By the way, I came up with feed small babies and distract grown men. What are the other 48 ideas?)

Second, it was impossible to miss her new manicure in a rather strange shade of blue, a color that I thought only appeared on fingernails if you were out of oxygen.

But what really caught my attention was the book she had on her tray: *The Prince* by Machiavelli. Seriously, I have never seen anyone read that book without a political science class around him or her. So I had to ask why.

It turned out she was reading the book because of an argument with a co-worker over one of the "discourses" that make up the balance of the book that follows the famous essay on leadership. My seat mate, it turned out, was a chemist working on genetic splicing equipment who was flying cross-country to meet an important client. (The blue fingernails were the idea of a friend's teen-aged daughter.)

Right there I got a powerful lesson on the complexity of consumer behavior. Think about it—when I described the woman with the *Cosmo* article and blue fingernails you probably had a mental picture forming. When I talked about *The Prince* and genetic splicing, the picture changed. Yet it was the same person.

And that's the challenge with today's shoppers who become so many different people in the course of one day, one shopping trip or one flight. There is no reason you can't read *Cosmo* and *The Prince*. In fact, Machiavelli might have applauded the mix.

Today shoppers are more complex than ever. They draw a value equation out of a mix of needs and do it somewhat differently product by product. The trick for good merchants or product manufacturers is to create a narrative of value that works clearly with a sufficient number of moods.

It also made me think of the Coca-Cola Retailing Research Council study called *Eating In* that I will help present at this year's Food Marketing Institute (FMI) show in Las

-Week Ending 5/7/10-

Vegas. (Full disclosure: as previously noted here, I am the new research director of the council.) One part of the study details the different need states that make up mealtime decisions and tries to help us understand how the same person rushing for fast food one night becomes a gourmet cook another night. It doesn't make sense, but it happens. And our ability to service both moods positions us better than ever to win additional sales, which is a winning strategy in any time period.

Machiavelli would likely agree. So would *Cosmo*.

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](#).

WinCo Sees Opportunity To Rise In Phoenix Marketplace

The *Phoenix Business Journal* reports that discount food retailer WinCo Foods is planning to enter the Phoenix marketplace. One location has been identified in the northern part of the city, and the retailer reportedly has its eye on a couple of other sites.

While WinCo is seen primarily as competition to Walmart - which not only has supercenters in the area, but also Neighborhood Markets and its Supermercado and Marketside formats - there is no dearth of food stores in Phoenix.

According to the *Journal*, "Fry's, a subsidiary of Kroger Co., is the most prominent large grocer operating here. Safeway, Albertsons, Walmart, Sprouts Farmers Market, Sunflower Market, Trader Joe's, Costco, Fresh 'N Easy, Ranch Market and Whole Foods also have carved out niches, some stronger than others. Bashas', the locally owned grocer that also operates the high-end AJ's Fine Foods and discounter Food City, remains in Chapter 11 bankruptcy reorganization, and its future is the subject of speculation. Target continues to expand its grocery footprint, almost tripling space for food products from 8,000 to 22,000 square feet in stores not designed originally for that purpose."

Fresh Market Files IPO

The Fresh Market, a 95-store chain based in North Carolina, reportedly has filed for an initial public offering aimed at raising as much as \$345 million.

It was a little less than two years ago that the Berry family, which owns The Fresh Market, decided not to sell the company after considering offers over three or four months.

In the 22 months since it came to that decision, the retailer has continued to grow, opening 18 more stores.

FastNewsBeat

- Loblaw Cos. said that a change in regulations in the province of Ontario will allow it to grow its drugstore business. The *Financial Post* writes that "Loblaw wants to more than double the amount of its in-store medical clinics to 200 from 84 in the next two years, and is pilot testing a modified drug store concept to fit within its smaller outlets. About 500 Loblaw stores have in-store pharmacies, roughly half of its store base.

"We see this as a big part of our opportunity to drive drugstore business," Allan Leighton, president and deputy chairman, said, according to the *Post*, adding "you can sit on your hands or you can get very front-foot about it ... We intend to be very aggressive about it...we have been on this for the last four or five months."

The MNB Wal-Mart Watch

- The *Financial Times* reports that Walmart has leased a 75,000 location in Los Angeles that it plans to convert into a "smaller scale version of its successful Supercenter store format ... The test draws on experience with the four 10,000 square foot Marketside convenience stores it started testing in Arizona in 2008. It has also said it will open more Hispanic-themed versions of its 40,000 square foot Neighborhood Market stores, under the Supermercado de Walmart banner, after opening two last year."

-Week Ending 5/7/10-

The new smaller format will also help Walmart circumvent legislation in some communities that prevent it from opening the mammoth supercenters.

FT also reports that "Eduardo Castro-Wright, the head of Walmart's U.S. operations, argues that even with more than 3,000 stores, the world's largest retailer has still not run out of room for expansion in its home market.

"Instead, he says Walmart's opportunity for sales growth at home exceeds the combined potential of China, Russia and India. He argues Walmart could pick up between \$80 billion and \$100 billion in additional sales in markets where it is currently under-represented."

- The *Chicago Tribune* reports that Walmart has gotten city approvals necessary to turn its only Chicago store - a 150,000 square foot discount unit - into a superstore selling fresh foods. The retailer reportedly plans to spend as much as \$5.4 million on the renovation, which is already underway.

"The rationale for doing it is fairly simple," Jim Hertel, managing partner at Willard Bishop, tells the *Tribune*. "It drives traffic, and it drives up basket size. You get somebody in there buying food, and they will probably buy consumer electronics or apparel."

The move comes even as Walmart is trying to get the city to allow it to open a second store within the city limits.

Executive Suite

- Walgreen has named Cheryl Pegus, M.D., M.P.H., to the new position of chief medical officer. Pegus is the former general manager and chief medical officer for SymCare Personalized Health Solutions.

- Price Chopper Supermarkets/Golub Corporation announced today that Greg Zeh, most recently the company's vice president of information systems, has been promoted and given the additional title of chief information officer.

- Eileen Scott, former CEO of Pathmark Stores, has joined ICC/Decision Services as chief operating officer, effective immediately.

- The *Wall Street Journal* is reporting on rampant speculation that Andy Clarke, the COO at Walmart-owned Asda Group, is likely to be named the company's new CEO next week, succeeding Andy Bond, who is stepping down to become chairman of the executive board.