

# -Week Ending 6/25/10-

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

## **Whole Foods To Require Certification Of Personal Care Products Making Organic Claims**

Whole Foods Market has announced that all personal care products and cosmetics making an "organic" claim sold in its U.S. stores must be third-party certified by June 1, 2011.

According to the company, "Under the new guidelines, all products making an 'organic' product claim (e.g. "organic shampoo") must be certified to the USDA's National Organic Program (NOP) standard. Products making a 'made with organic ingredients' claim must also be certified to the NOP standard, and products making a 'contains organic ingredients' claim must be certified to the NSF 305 ANSI Standard for Organic Personal Care products, a consensus-based industry standard accepted by the American National Standards Institute and managed by NSF International."

While organic certification for personal care products exists, it is not mandatory for products in the segment that make such claims.

"At Whole Foods Market, our shoppers do not expect the definition of organic to change substantially between the food and non-food aisles of our stores," said Joe Dickson, quality standards coordinator for Whole Foods Market. "We believe that the 'organic' claim used on personal care products should have just as strong a meaning to the 'organic' claim used on food products."

Suppliers who are making an "organic" claim have until August 1, 2010 to submit their plans for compliance and until June 1, 2011 to be in full compliance.

## **Chicago Agreement Could Lead To Dozens Of Walmarts In Windy City**

Numerous reports say that Walmart has reached an agreement with the city of Chicago that will allow it to build dozens of stores there of various sizes over the next five years, employing more than 10,000 people and creating as many as 2,000 construction jobs. Once the stores are open, it is estimated that they could generate as much as \$500 million in sales and property taxes.

According to the stories running in places such as the *Wall Street Journal* and the *Chicago Sun Times*, Walmart was able to get the majority of the Chicago City Council on its side by agreeing to develop \$20 million worth of "charitable partnerships" over the next five years, donating as many as 1.2 million meals per year to the under-privileged.

The agreement with the City Council reportedly guarantees local residents jobs at the Walmart stores, promises that the stores will be built by unionized construction workers, and includes some sort of agreement on wages to be paid by the stores.

The *Sun Times* writes that "the groundwork for a historic breakthrough was laid on May 3 during an unprecedented meeting between five Wal-Mart executives and five union leaders."

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## **Tesco To Acquire U.S. Suppliers For "Synergies And Economies"**

The *Financial Times* reports that Tesco is acquiring the American operations of two suppliers that it brought over from the UK five years ago and set up in business to supply its Fresh & Easy Neighborhood Market stores in California, Arizona and Nevada.

The two suppliers, Wild Rocket Foods and 2 Sisters Foods - provide fresh meat and produce to Fresh & Easy. Tim Mason, who is running Tesco's U.S. business, said that the acquisition cost "tens of millions of dollars" and reflects the company's ongoing commitment to the U.S. market despite slower than expected growth owing to the recessionary economy. Mason also tells *FT* that the move would lead to "synergies and economies by putting the management teams of the units together. . . we think will be very beneficial for the business".

## **Sansolo Speaks: "Demon Customers"**

*by Michael Sansolo*

Sometimes I just hate people...and you know who you are. A week ago, my wife and I were getting gasoline at a rest stop on the New Jersey Turnpike, which is one of the few states where self-service isn't allowed.

These stations are large and each line handles two cars at a time. The car in front of us finished first and left, prompting the woman behind us to pull around and into the first slot. Of course, she did this in such a sloppy manner that when our fill-up was done (maybe 30 seconds later) she had managed to pin us in and, in the process, delay our entire line. It made me very cranky.

What really irritated me was this: the attendant working the pump saw what she did and failed to urge her to pull up just a little more, allowing traffic to continue flowing. In short, the driver was lazy, the attendant uncaring and the rest of us paid the price.

Now there's little I can do about that (except urge you all to boycott the Mollie Pitcher rest stop—though that will do little good.) Rather, let's use another example to remind us how employee inattention can turn well-meaning shoppers into absolute demons. And some of them have power.

Tony Kornheiser, who many know from his ESPN show *Pardon the Interruption*, has a local radio show in Washington. It's fabulous if you (like me) enjoy listening to Tony essentially complain about everything in life. With each passing week, I find myself agreeing with him more, which worries and comforts me at the same time.

A week ago, Mr. Tony (as he is called) went out for ice cream with his son. To make a long story short, his trip was a disaster thanks to one customer who completed an order and left the shop only to return for more seconds later; and an elderly customer who cut in line and ordered the last bit of ice cream in the flavor that Mr. Tony craved. (There's more to the story, but it is way funnier spoken than written.)

Mr. Tony went nuts and called out the store (and his displeasure) on the air—repeatedly. In the process he got sent loads of free ice cream. His son, however, made the best observation; that the problem in the store wasn't the customers, it was the employees. After all, the employees could have easily observed that the one customer had jumped the line. And the employees could have explained to the customer who left that he didn't have the right to return back to the front of the line.

In both cases, such action would have required the employees extending themselves a little. Of course, they would have been right to do it and all the customers would have known.

The problem is that customers can be demanding and at times irrational and employees get it all dumped on them constantly. But doing nothing is rarely a winning strategy either. In fact it's a bigger loser. If we train our employees correctly they can figure out how to better handle the difficult moments.

If we don't, we create demon customers who sometimes complain on the radio or websites, but who almost always will share the bad stories with friends and neighbors, silently killing your business in the process. It happens one story at a time.

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## Whole Foods Hopes Green Thumb Will Grow Loyal Customers

The *Richmond Times Dispatch* reports that Whole Foods has taken over an acre of land "in the West Broad Village development for a community garden that will help supply its local store ... The garden is part of an increasing effort by retailers and others to bring locally grown products to grocery stores and restaurants. Items grown in the garden initially will be used as ingredients for prepared foods and in the store's salad bar," and eventually, will be sold directly to shoppers in the produce department.

According to the story, "This is the Austin, Texas-based grocer's first on-site field-to-store garden." The paper also notes that the garden, which is just several hundred yards from the store's front door, could be expanded to as large as six acres if the test catches on and is shown to be appealing to local shoppers.

## Bi-Lo Launches New Health & Wellness Initiative

The *Chattanooga* reports that "Bi-Lo has launched a new health and wellness initiative called Bi-Lo thrive!, which includes a full-time registered dietitian on staff to educate shoppers about healthy living alternatives.

According to the story, "Monica Amburn, RD, LD, will provide customers with free health and wellness tips, while showing shoppers that buying healthier foods can be affordable and easy to find in Bi-Lo stores. Ms. Amburn will spearhead Bi-Lo's efforts to offer nutrition and wellness solutions and help shoppers and their families achieve a balanced way of life ... Bi-Lo thrive! will be supported by radio and circular advertisements, where program-specific items will be called out in detail by Ms. Amburn."

## Starbucks Expands On Beer & Wine Prototype

The *Seattle Times* reports that Starbucks is satisfied enough with its two Seattle stores that operate under different names and sell food, beer and wine in addition to coffee that they are building another one - but this one will be called Starbucks.

"The Starbucks store at 1600 E. Olive Way on Capitol Hill is expected to close in July for a two-month remodel that includes new deck seating, an indoor-outdoor fireplace and a 360-degree coffee and wine bar with narrow countertops to let baristas interact more closely with customers," the *Times* reports. "Starbucks will continue serving coffee from a van on the property during the remodel. Its design will be more rustic and industrial than traditional Starbucks cafes, like the stealth and several other recently remodeled stores."

## FastNewsBeat

- The *Pittsburgh Tribune-Review* reports that a tentative agreement on a new contract has been reached between Giant Eagle Supermarkets and the United Food and Commercial Workers (UFCW), representing some 5,800 of the chain's employees in western Pennsylvania and northern West Virginia. Terms of the deal were not disclosed pending ratification by the rank and file.
- Mike Eardley, director of deli, cheese and prepared foods at HEB, has received the 2010 International Dairy-Deli-Bakery Association's President's Award, recognizing his distinguished service, vision and dedication.
- The *Richmond Times-Dispatch* reports that at the company's annual meeting this week, Kroger CEO Dave Dillon said that while the company will grow, it will not do so by acquiring troubled competitors

"We look at lots of things, but we're not interested in becoming someone's turnaround artist," Dillon said. "We run good stores and are good at running good stores, and we don't want to buy somebody else's problem ... "Our acquisition and expansion plans are really designed around what we think works for Kroger; it's not a reaction to, say, Wal-Mart being international."

*MarketWatch* reports that Kroger's board of directors "approved the repurchase of \$500 million of common shares, replacing the \$225 million remaining from the \$1-billion program announced in January 2008. The grocery chain plans to use free cash flow to repurchase shares, pay dividends and maintain its current debt rating. The timing of the buybacks will hinge on market conditions."

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- Supervalu's board of directors has authorized a stock buyback of up to \$70 million of common stock over the coming year. The program replaces a similar buyback program authorized as year ago.

- In Alabama, the *Times Daily* reports that "the two Southern Family Market stores in Florence and the former Piggly Wiggly in Muscle Shoals have been renamed Food World. That name is a familiar one because it once adorned the signs of two of the stores ... Food World is part of a group of grocery stores owned by C&S Wholesale Grocers, of Keene, N.H. The company also owns Southern Family Markets, Piggly Wiggly and Bruno's."

## The MNB Wal-Mart Watch

- National Public Radio (NPR) has a piece about Walmart's "Heritage Agriculture" program, which it is using around the US to get more local produce into its stores, a move that the company says will have both economic and environmental implications - all positive.

Here's how *NPR* describes one case:

"Wal-Mart is eyeing areas like southern Arkansas, where farmer Randy Clanton drives the back roads of the town of Hermitage. He's checking on field workers preparing tomato seedlings. A shotgun rides in the truck beside him.

"Clanton says his family started growing tomatoes in this area 50 years ago. 'That was back when most of your produce business was done in small, mom and pop operations,' Clanton says. 'They'd bring these tomatoes in on trailer trucks, even on half-bushel baskets back then.' Clanton says Wal-Mart has helped make his operation more professional, especially in the area of food safety. Wal-Mart has urged Clanton to diversify and plant watermelons, peppers and cabbage. Now he supplies food to distribution centers covering six states. And the larger market means Clanton makes more money.

"'It gives us a sense of security whenever we go out here and start kicking the dirt out here and cranking up ole John Deeres up to get ready,' he says. 'If you know you've got a market out there — that gives you a reason to get up out of bed every morning.'

"Clanton is one of about 350 farmers Wal-Mart is working with as part of its Heritage Agriculture program."

*NPR* notes that "Wal-Mart won't say what its long-term goal is for the Heritage Agriculture program, but it says as of today, 6 percent of its produce is grown in the same state it's sold."

- The *Chicago Sun Times* reports that Chicago Mayor Richard Daley apparently has convinced Walmart officials to create a pay scale for their proposed "dozens" of Windy City stores that would beginning employees paid \$8.75 per hour, and then "best employees" - those with good attendance and work habits - increased up to \$9.50 per hour after a year.

Walmart officials, however, are not confirming the deal.

- The *Wall Street Journal* reports that "Wal-Mart Stores Inc. won a key zoning approval to build a second store in Chicago, a potentially significant political breakthrough that could pave the way for the world's largest retailer to finally penetrate more of the biggest cities in the U.S." The unanimous City Council vote in Walmart's favor comes at the end of six years of wrangling and debate.