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Below is the list of articles you will find for the week ending 7/1/11 edition of Retail Industry News.

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Thanks to MNB
for this selection of
articles.

Target CEO Takes Aim At The Competition

USA Today has an interview with Target CEO Gregg Steinhafel, in which he addresses the competition between his company and Walmart. Some excerpts...

- “On any like or similar item to our primary competitors in the marketplace — typically, Walmart is the price leader — we are going to be priced very competitively with them in stores that are within local markets.

“We have approximately 30,000 items in our store that we shop on a very regular basis in the marketplace. We're constantly shopping Walmart and our other competitors.

Some (customers) are very value-focused, some are feature- and product attribute-focused, and some are quality focused. We have to deliver the portfolio of goods and services that resonate with a broad consumer base. We look to be price competitive on those non-discretionary items that our guests expect to be priced right —100-ounce liquid Tide, food items, those kinds of commodities. The price of entry is to be competitive on those kinds of items.”

- “Walmart would be the one competitor that competes broadly in the same kinds of categories that we have. When we talk about apparel, accessories and home, we would also look at Macy's, J.C. Penney and Kohl's as our primary competitors. When we look at what we're trying to deliver in terms of groceries, we would look at Walmart, Safeway, Kroger and other national chains. As we look at our health and wellness and pharmaceuticals, we're focused on CVS and Walgreens.”

- “Walmart is a very formidable competitor, and I think it's appropriate to compare Walmart and Target across the enterprise. But we believe our retail experience all in is unlike any other competitor's. It's not a zero-sum game between us and Walmart. They can gain share and Target can gain share and other retailers can donate share. We often see that those are the dynamics within the marketplace. Walmart and Target are gaining share, and independent or other retailers are the share donators. We aspire to be America's favorite store to shop.”

Sansolo Speaks: Generation Gaps

by *Michael Sansolo*

In the middle of a national storm of unemployment and underemployment, it's easy to lose sight of the long-term reality that most companies could run short of talented people. And fast.

Incredibly, that makes it really important for all of us to keep an eye on the Florida Marlins baseball team this year. But since the Marlins have trouble drawing fans in their own neighborhood, let's explain why they suddenly matter to you.

Demographics are pretty straight forward. We know today what the working population will look like in 10 or 20 years because those people are already born. The reality is this: as the enormous Post-World War II baby boomers retire, they'll leave a massive leadership gap in their wake. In virtually every

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company today, boomers dominate leadership positions and not just in the executive suite. Think about middle managers, store managers and more.

The boomer generation is so large (and I'm square in the middle of it) that we filled up jobs the way we overloaded maternity wards and schools in our youth. So as we leave the workforce, we'll leave a vacuum behind. Again the demographic reality is simple: the baby bust following the boom (people born from 1964 to 1979) doesn't contain near enough people to replace the boomers. And the generation with the numbers to fill the gap - Generation Y - is just at the start of its career.

That's why companies today have to start thinking about future leaders and start recruiting and training with an eye toward a coming shortage.

Which takes us back to the Florida Marlins. Two weeks ago, in the midst of a lengthy losing streak, the Marlins' manager quit. To replace him, the team picked a manager from its past, 80-year-old Jack McKeon. That hiring raises a series of questions about the importance of succession planning because it defies belief that a baseball team didn't have a list of potential replacement candidates on staff. But let's ignore that issue for a second and ponder this:

Can a man who was born in 1931 successfully manage baseball players who are more than 50 years his junior? Consider that not one member of the team was alive when McKeon got his first managerial job in 1973.

Think about the cultural gulf between McKeon and his players. Although he managed within the last 10 years, he's now in charge of a workforce that in no way can share the values of his upbringing during the Great Depression and World War II. His players are diverse in ways he's likely never experienced and are hooked to technologies that didn't exist just a few years ago.

But that's no reason he won't succeed and that's why he bears watching. The challenge McKeon and so many managers both face today is understanding a workforce that is so different than us. Not necessarily better or worse, nor smarter or dumber. Just different. It's a workforce that grew up with different experiences, expectations and needs. It's a workforce that frequently looks and acts differently too. Yet many managers have learned they can reach this group with clear expectations, fairness and loads of open communication. Stories about the dues that were paid in 1950, 1970 or 1990 are meaningless; relevant experiences work better.

McKeon's case may be extreme, but increasingly managers will find themselves working with more generations than ever including both old and young. The challenge will be finding a way to handle it all and produce results. So it will be interesting to see how McKeon's team plays and relates to the new skipper.

Luckily we get some more great words of advice elsewhere in baseball.

Retired player Mookie Wilson was asked about Davey Johnson, his manager from nearly 30 years ago, who just yesterday took over the helm of the Washington Nationals. Wilson said, "Things have changed and the game has changed a little bit. But good managers learn to adjust."

Useful words for any manager, in baseball or business. Good managers learn to adjust and for the future of their companies, nothing will be more important.

Michael Sansolo can be reached via email at msansolo@morningnewsbeat.com. His book, "THE BIG PICTURE: Essential Business Lessons From The Movies," co-authored with Kevin Coupe, is available [by clicking here](#).

Schnucks Goes Local. Really Local.

The *St. Louis Post-Dispatch* reports on how Schnucks is using an outdoor garden behind its headquarters to source "zucchini, tomatoes and peppers (that) are growing on raised beds" that are then used in its cafeteria and in its two test kitchens.

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"The garden and these new test kitchens are a testament to the changing roles that grocery stores are playing in our world today," the paper writes. "More customers than ever are looking for help in coming up with new ideas for meals they can make at home. But sometimes, they are so pressed for time that they don't even want to fuss with making anything and are looking for prepared foods they can pick up and go."

But more importantly, the story suggests, having the gardens increases the company's "first-hand knowledge" so that it knows how "to educate customers about how to grow and use local produce."

Fed Folds, Backs Off Severe Swipe Fee Regulations

In a move that outraged U.S. retailers, the Federal Reserve Board voted yesterday to limit swipe fees on debit card transactions to an average of 21 cents apiece, half the average of 44 cents that the banks have been charging but double the initially proposed cap of 12 cents per transaction.

The *New York Times* reports that "the cap marks a defeat for banks generally, although the news was not as bad as banks expected." The financial services industry has been lobbying furiously in recent months, trying to delay or completely stop any regulation of the fees that it says generate \$15 billion or more each year, but that retailer and consumer groups say are usurious.

In addition to the 21 cent cap, the *Washington Post* reports, the Fed said that "banks can also collect .05 percent of the amount of the transaction to recoup losses from fraud. In addition, the Fed will consider allowing them to receive another cent for each transaction if they take steps to prevent fraud. The new rules will take effect Oct. 1."

The Merchants Payments Coalition said after the vote that it "is exploring all available legal options to address the irresponsible mistakes made in writing this rule."

Condemnations from the retail sector were swift and specific.

"Today the voice of big banks drowned out the cries of consumers and Main Street merchants in the ears of the Federal Reserve," says Leslie G. Sarasin, president and chief executive officer of FMI. "This ruling is inconsistent with the proposed ruling issued last December and utterly fails to be true to the spirit of the Dodd-Frank Wall Street Reform and Consumer Protection Act passed more than a year ago. It will not provide sufficient reform for businesses that are currently fighting high debit swipe fees. Merchants and customers across America are the big losers today."

"Every month the largest banks and credit card companies reap over \$1 billion in debit swipe fees off the backs of Main Street businesses and consumers. It's extremely unfortunate that the Federal Reserve ceded to the bank's lobbying to increase the allowable debit swipe fees. Independent grocers and our customers are very disappointed that they will not benefit from the important reforms Congress intended. We fought for years to persuade Congress to reform debit interchange and we finally succeeded. This afternoon the Federal Reserve reversed our victory and every independent grocer in American has a right to be angry and disappointed." said Peter J. Larkin, President and CEO of the National Grocers Association (NGA).

"The Federal Reserve very clearly did not follow through on the intent of the law," said Mallory Duncan, Chairman of the Merchants Payments Coalition. "This rule is unacceptable to Main street merchants and consumers, who were counting on the Fed to issue a fair rule that followed Congress' law. Unfortunately, this rule does not meet those qualifications."

Lyle Beckwith, senior vice president of government relations for NACS, called it "an irresponsible abdication of (the Fed's) legal duty to implement the law as written."

"The announcement today from the Federal Reserve is a disappointment to merchants and consumers who face unfair and excessive fees imposed by big banks and credit card companies," said Sandy Kennedy, president of the Retail Industry Leaders Association (RILA). "The Federal Reserve's about-face suggests it abandoned the facts that the

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Board embraced in the December proposed rules, instead ceding to the wishes of the big banks and credit card companies.”

Walgreen Gets Aggressive In Chicago, With Food As A Competitive Weapon

The *Chicago Sun Times* reports that Walgreen announced that it will add as many as a dozen new stores in the Windy City, and will remodel 39 others “in food deserts to feature fresh fruits and vegetables.”

The strategy will result in 600 new jobs, the company said.

According to the story, “Mayor Rahm Emanuel and Walgreens President and CEO Greg Wasson announced the “Chicago Hometown Investment Initiative” at a news conference at a Walgreens store at 8628 S. Cottage Grove, just a few blocks from the first Chicago Walgreens, which opened in 1901.

“The new mayor has made eradicating food deserts a priority and recently summoned major retailers to a private meeting where he showed them maps of shopping-starved areas and demanded to see their plans to build stores in those neighborhoods.

“Wasson was a participant and his company obviously got the message loud and clear.”

At the press conference, Wasson said, “It’s neat to be able to do good business while doing good. This is our opportunity to do just that. . . . Fortunately, we are in communities that are, maybe, under-served and don’t have convenient access to fresh food or even medical providers and medical care. We can leverage that footprint to expand our fresh food, as you’re seeing here. We can also leverage our pharmacists and nurse practitioners to be able to provide access to health care.”

BJ’s To Be Taken Private In \$2.8 Billion Deal

Reuters reports this morning that BJ’s Wholesale Club has “agreed to be bought by private equity firm Leonard Green & Partners and funds advised by CVC Capital Partners in a deal that values the company at about \$2.8 billion.”

FastNewsBeat

- Sunflower Farmers Market announced that it is launching a new mobile shopping application, compatible with iPhones and Android phones, that “allows shoppers to view circular specials, in-store specials, recipes, and mobile offers based on this week’s deals from their mobile smartphone.”

The new application for the 34-store Sunflower is driven by Grocery Shopping Network.

- The *Detroit News* reports that Whole Foods has held a second community meeting about possibly opening a store in the Motor City.

“While the organic and natural foods grocery company has emphasized that it has not made a decision about whether to open a store here, one of its representatives today went to great lengths to talk about the merits and philosophy of the upscale chain,” the *News* writes. “The company is emphasizing that its stores create jobs with benefits, use local foods and reach out to the community.

“‘If we ever get to the spot that we choose a location in Detroit, we want to emphasize how much interest and care you all think about a store here,’ said Red Elk Banks, director of operations in Michigan and Indiana for Whole Foods.”

- The *Philadelphia Inquirer* reports that “after years of watching competitors cut into its local lead in supermarket sales, Acme Markets fell into second place over the last year, dethroned by ShopRite, according to an annual survey published by Food Trade News.

“ShopRite, ringing up \$1.7 billion in sales across the eight-county Philadelphia

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region, grabbed the top spot from Acme, which has struggled to cut costs by shutting down underperforming stores and recently laid off 900 part-time employees ... Giant was in third place, with sales of \$1.5 billion. Super Fresh and Pathmark, whose parent corporation, Great Atlantic & Pacific Tea Co., declared bankruptcy in December, came in fourth at \$851 million, down from \$1 billion a year ago. Genuardi's, part of the Safeway chain, was fifth at \$734 million."

Acme is owned by Supervalu, while ShopRite is made up of independently owned supermarkets.

- The *Boston Herald* reports that Aldi has opened its first Boston-area store, a 10,000 square foot unit in Medford, about six miles north of downtown. The story notes that this is just the beginning of heightened food competition in the Athens of America, since Wegmans is planning to open two stores in the region, one later this year and one in 2013.

- The *Dallas Business Journal* reports that "Kroger Co. recently signed an agreement to bring a 60,786-square-foot Fresh Fare store - the first to Dallas - at the mixed-use retail and residential development, Cityville at Cityplace, at North Haskell Avenue and Capital Avenue.

"The store is scheduled for completion in summer 2012 and will create 200 jobs ... Kroger is expanding in Dallas because of the surge of population growth over the past few years, said Bill Breetz, president of the Kroger Southwest Divisions."

- The *Detroit Free Press* reports that "the grocery superstore chain Meijer is expected to sign a lease by mid-July for a new Detroit store at Woodward and 8 Mile Road, project developers said Monday." The long-delayed project could begin construction later this year, and is said to be just one of several Detroit locations reportedly being considered by Meijer, which did not confirm the accuracy of the story.

- C&S Wholesale Grocers announced that it will close a warehouse in West Hanover, Pennsylvania, next month, cutting costs and 260 jobs in the process.

- The *Chicago Tribune* reports that "Walgreens is launching a web pickup service for 300 Chicago-area stores," using them as delivery depots for shoppers who have placed orders on the company's website.

According to the story, "Chicago is the first market to receive this service, which should be in all 480 area stores by August. Web pickup is also available in 27 Walgreens stores in San Jose, Calif. ... Orders placed at Walgreens' WebPickup site can include most non-prescription items, and may be ready in one hour. Customers pay online and receive an email or text notification when the order is ready. Some stores will also deliver orders curbside, with a \$20 minimum order."

- *The Packer* reports that The Wegman Family Charitable Foundation awarded the Center for Produce Safety with \$250,000 during the opening ceremonies for the center's second annual Produce Research Symposium.

"Danny Wegman, chairman of the foundation board and chief executive officer of Wegmans Food Markets, Rochester, N.Y., said his recent experience as chairman of Food Marketing Institute's food safety task force was among the reasons the foundation supported CPS, a center for food safety research."

The MNB Wal-Mart Watch

- The *Economic Times* reports that Walmart has "signed an agreement with the Shanghai government to set up a China e-commerce headquarters in the city to boost its presence in the fast-growing market.

"Under a memorandum of understanding signed on Monday, the company will strengthen collaboration with the city government on training of personnel and offer Chinese consumers 'a wider selection' of products online."

- The *Chicago Sun Times* reports that Thomas A. Mars, Walmart's executive vice president/chief administrative officer, told a Metropolitan Planning Council luncheon there that the retailer's new small store formats are proving to be as profitable as its supercenters, and that "the changing business model

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means that Chicago is the best venue for Walmart's growth."

According to the story, "The climate also gives Walmart the incentive to launch in Chicago its nationwide minority supplier program, Mars said. The program aims to increase the diversity of the retailer's suppliers, primarily in food, general merchandise and professional services."

Walmart currently has one supercenter within the city limits, and "has announced eight other Chicago sites where it plans to open full-size and smaller-format express stores." Walmart also has said that it "intends to eventually operate dozens in the city."

- *Reuters* reports that "six days after giant U.S. retailer Walmart completed its acquisition of a controlling stake in Massmart, it is trying to woo South Africans with price cuts and promises of 'new business opportunities.'

"An eight page colour advertisement in the Sunday Times yesterday was South Africa's first introduction to the Walmart brand. The advertisement included a letter from 'the people' of Massmart and Walmart announcing the merger and price cuts by the group's retailers Game, Dion Wired, Makro and Builders' Warehouse."

- *Crain's Chicago Business* reports that Walmart has identified a second Windy City location for one its Express stores - in Lakeview, about five blocks east of Wrigley Field.

According to the story, Walmart "has signed a lease and recently filed a building permit for interior construction for a 14,086-square-foot store at 3636 N. Broadway ... The deal marks the second confirmed Wal-Mart Express store on the North Side, in addition to one planned in the River North neighborhood, as Wal-Mart moves to open dozens of city stores over the next several years from mini-Express stores to full-sized Wal-Mart Supercenters that feature general merchandise and groceries over the next several years."

And, the story notes, "The new Lakeview store would be one mile north of a mid-sized, grocery-focused Wal-Mart Market store planned for 2840 N. Broadway, a development that raised the ire of some residents and community groups in the tony neighborhood."

- *USA Today* reports this morning that "just in time for the Fourth of July driving weekend, Wal-Mart is rolling back prices -- on gasoline. The giant retailer is offering 10 cents off a gallon at Wal-Mart and Murphy USA stations when purchases are made with a reloadable Wal-Mart gift card, MoneyCard or a Wal-Mart credit card ... Wal-Mart says that there are no restrictions, including no requirement for store purchases in order to get gas discounts at Wal-Mart stations."

The promotion will be in effect until September 30, but only in 18 states where the retailer operates: Arkansas, Georgia, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Michigan, Mississippi, Missouri, New Mexico, North Carolina, Ohio, South Carolina, Tennessee, Texas, and Virginia.