

# -Week Ending 9/24/10-

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

## **Walmart Teams Up With FedEx for New E-Commerce Initiative**

The *Wall Street Journal* reports that Walmart.com is testing a new approach that it hopes will expand its big city penetration - allowing people to buy products online and then pick them up free-of-charge at urban FedEx locations.

According to the story, "The tests, which started this summer in Los Angeles and Boston, allow customers to direct purchases made on Walmart.com to FedEx Office outlets at no cost, mimicking a Wal-Mart offering called Site to Store that lets online buyers send items to the retailer's stores free. Wal-Mart has no stores in Boston and only two in Los Angeles, but FedEx has many locations in both ... the company is still collecting feedback from the tests, which began in L.A. in June and Boston last month, and had no immediate plans to broaden the program."

## **Aldi Milks a Price Advantage To Build Dallas Market Share**

The *Dallas Morning News* reports that Aldi is "lowering the price for a gallon of its Friendly Farms private-label milk to 99 cents," a move that seems designed to put pressure on the large chains that have stores in the region, and that is far below the nation average cost of a gallon of milk - \$3.31.

According to the story, Aldi has promised that the promotion will stay in place at least until October 6, and has increased its milk order from suppliers by 85 percent to handle the expected increased traffic.

The story notes that Aldi often uses items like milk and steep price cuts to establish its credentials in markets where it has major expansion plans. In North Texas, the German-owned retailer has 29 stores, with at least a dozen more planned...and it also has designs on the Houston and San Antonio markets.

The price cut also reflects another market reality. "For Dallas-based Dean Foods, the nation's largest dairy processor, Aldi's strategy doesn't have a direct impact since Dean doesn't supply Aldi," a Dean spokeswoman said.

"However, Dean has complained recently about the impact of lower-priced private-label milk, in general, on sales of its more profitable branded products. Aldi's move shows the increasing importance of bargain-priced milk as retailers try to woo recession-weary consumers."

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## **Aldi To Open Mall Store In Illinois**

Aldi has announced that it will open its first store inside a regional mall, in Westfield Chicago Ridge, an 800,000+ square foot regional shopping center outside of Chicago.

The store is scheduled to open in May 2011. According to the announcement, "Designed for convenience, the 20,000 square foot ALDI will feature an interior entrance, five spacious check-out lanes and plenty of parking. Plus, shoppers will enjoy a special 'loading zone' at the mall entry for enhanced convenience when loading groceries into their cars."

## **Consumer Sentiment Continues To Stall**

*Bloomberg* reports that "the Thomson Reuters/University of Michigan preliminary index of consumer sentiment fell to 66.6 from 68.9 in August ... Flagging optimism with unemployment close to a 26-year high may increase the risk consumers will cut back on their purchases, which account for 70 percent of the economy."

However, "The University of Michigan's gauge of current conditions, which reflects Americans' perceptions of their financial situation and whether it is a good time to buy big-ticket items such as cars, rose to 78.4 from 78.3 in the prior month" - a marginal increase at best that hardly heralds a robust recovery.

## **Sansolo Speaks: "The Most Wonderful Time of the Year"**

*by Michael Sansolo*

If you are in the food industry and you don't have Sept. 27th circled on your calendar, do it now. Sure, it may not be Christmas, Thanksgiving or Super Bowl Sunday, yet Sept. 27th is the holiday you simply do not want to miss.

It is the annual celebration of Family Meal Day and the food industry is simply not doing enough about this event. And while six days aren't enough time to plan, consider this as warning to start planning for next year.

Family Meal Day is the creation of the Center for Addiction and Substance Abuse (CASA) at Columbia University. If you haven't heard of it before, get to the [website](#) and get educated. You don't have to read much to realize the importance of this day.

Family Meal Day was created when CASA unearthed the most amazing fact. While conducting studies to determine the causes of risky behaviors among teen-agers, CASA found the closest thing possible to a silver bullet. As CASA's leader, former Cabinet Secretary Joseph Califano Jr. says, "If I could wave a magic wand to make a dent in our nation's substance abuse problem, I would make sure that every child in America had dinner with his or her parents at least five times a week."

CASA's website calls on families to use the 27th to start or restart the tradition of eating together more often. The more research you do into the group's work, the more evident it becomes that the meals with the most impact are those eaten at home, around the family table where conversation takes place without the noise or distractions of so many restaurants.

In other words, Family Meal Day is all about what the retail food industry has long worked to build—more meals eaten at home more days of the week.

The beauty of this little known holiday is that it leads to so many good outcomes. There is so much consumer concern about economics these days and the cost of meals. Surely, supermarkets have a great story to tell in this area, with so many food choices priced so economically.

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There are so many concerns about healthy eating and the lack of nutrition. Again, study after study shows the incredible edge home cooked meals can have. And while many consumers have limited skills in the kitchen, supermarkets can offer an increasingly wider array of meal options that are easier and quicker to prepare than ever. In short, eating at home is a better choice than ever, but only if you tell someone about it.

I blush to admit that I'm old enough to remember a time when the world didn't stop for the Super Bowl. In fact, it wasn't originally called the Super Bowl. But with clever marketing that almost always outperforms the game itself, the Super Bowl has become a formidable national day of celebration. The same has happened for the NCAA Basketball Final Four. In other words, good marketing and commitment can build an event.

To a lesser extent, Family Day should be ours. Maybe we need catchy songs or whacky commercials, but we need to build it. More family meals should be our goal each year, each month and even multiple times a week. If you have any doubts on the business benefits, [click here](#) to check out the study called "Eating In" from the Coca-Cola Retailing Research Council on the incredible sales impact of winning back meals. *(Full disclosure: I am the research director of the Council and worked on that report.)*

Most importantly, look at your shoppers and consider what's top of mind for them. They and their families have needs and it our job to serve them in a way that helps all of us succeed. So wish them a Happy Family Meal Day and get on with building the new relationship.

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## **Roundy's Plans Mariano's Store for Palatine, Illinois**

The *Daily Herald* reports that Roundy's plans to open a Mariano's Fresh Market store in Palatine, Illinois, about 30 miles northwest of Chicago, which it hopes to have open by late 2011.

According to the story, "In July, Wisconsin-based Roundy's Supermarket Inc. opened the country's first Mariano's at 802 E. Northwest Hwy. in Arlington Heights - less than five miles away from the Palatine site. Stores also are being built in Vernon Hills and on Chicago's South Side, and the company has eyed additional sites for further expansion ... There's been some buzz about the possibility of Mariano's opening in Palatine ever since the council moved up its meeting an hour to attend the Arlington Heights store's grand opening."

Mariano's is named after Roundy's CEO Robert Mariano, the former chairman of Chicago retailer Dominick's.

## **When Times Are Tough, Dollar Stores Show Real Growth & Flexibility**

The *New York Times* reports this morning on how the recessionary economy - and recessionary attitudes that persist despite the fact that the government has said that the recession officially ended more than a year ago - has created an environment in which "dollar stores have shown the biggest gain in shopper visits over the last year out of all the retailers that sell basic consumer goods, according to market research data. Manufacturers are racing to package more affordable versions of products common at those stores, and other budget retailers, feeling the loss of customers, are trying to duplicate their success."

According to the story, research by SymphonyIRI Group indicates that not only are dollar stores growing sales among their existing consumers, but also stealing customers from other so-called budget formats. In response, Walmart is now "adding thousands of items to its shelves, including inexpensive ones, and is asking dollar-store suppliers to

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create small, under-a-dollar packages for its stores, too," the *Times* reports. "In areas with high unemployment, Wal-Mart is grouping together its less than \$1 items in a clear challenge to the dollar stores."

Also critically important - dollar stores are adjusting their mix to the changing times. The *Times* writes, "The dollar stores have found creative ways to keep their prices low. When commodity costs rose for suppliers, for example, the dollar stores asked them to decrease the number of sandwich bags in a box or pushed them to come up with a cheaper version of the products. To increase their attractiveness to the low-income customer, the dollar stores have also switched out merchandise like trinkets for necessities like food and detergent."

## **New ShopRite Offers Dietitian Services**

A new ShopRite store in West Hartford, Connecticut, seems to be embracing the notion that it has more to sell than just the products on its shelves - it has hired an in-store dietitian that it says will "offer customers nutritional information and guidance that can help influence better food choices."

Chuck Joseph, president of Joseph Family Markets, owner and operator of the Shop Rite, says that the dietitian will "be available for complimentary in-store consultation with customers effective immediately ... (she) will conduct grocery shopping tours, healthy cooking classes, offer recipe and pantry makeovers and coordinate other health and wellness initiatives and nutritional programs in-store."

The dietitian, Angela Corcoran, is one of a number of people providing that service at a number of ShopRites in New Jersey, New York and Connecticut.

## **Supervalu Embarks On Environmental Initiative**

Supervalu has announced that through a partnership with the World Wildlife Fund (WWF), it "plans to cut its emissions of greenhouse gases by 10 percent by the end of 2012 with a baseline year of 2007. Supervalu's initiative is comparable in scope to eliminating the electricity use of more than 352,000 average U.S. homes for one year. This partnership makes Supervalu not only the first traditional grocer, but also the first major retailer to join WWF's Climate Savers program, a reflection on the company's commitment to the environment."

According to the announcement, "Supervalu is one of 25 participants in WWF's Climate Savers program, joining the likes of Hewlett Packard, Nike, The Coca-Cola Company, IBM, and Johnson & Johnson. Collectively, Climate Savers partners will reduce emissions by an estimated 50 million tons by the end of 2010, an amount equivalent to the carbon emissions of 8.7 million passenger vehicles or the carbon sequestered by 9.7 million acres of pine forests."

## **FastNewsBeat**

- The *Charlotte Business Journal* reports that Publix may be about to open its first North Carolina store, near Charlotte, as it continues its expansion efforts in the southeastern U.S. The story notes that Publix seemed to be considering such a move more than 15 years ago, but changed its mind.
- In Texas, the *Star Telegram* reports that HE Butt plans to open its first store in the Dallas metroplex, in Burleson "after years of planning" how to enter the area.

"Located less than 15 miles from our store in Cleburne and 30 miles from our store in Waxahachie, the city of Burleson is a natural progression for the growth of our H-E-B stores in North Texas," said Jeff Thomas, a senior vice president who manages the chain's Central Texas region.

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- The *Houston Business Journal* reports that Kroger "is developing a fuel center that won't be located in one of its supermarket parking lots — a first in Texas for the grocery chain. However, the gas station in Northwest Houston will not be far away from its customer base. A Kroger signature store is located less than a block away at 1352 W. 43rd Street.

"Rebecca King, a Kroger spokeswoman, says a fuel center would not fit in the store's parking lot, so the company opted for a nearby property."

- The *Washington Post* has a story about Yes! Organic Markets, which has seven stores in the DC area, catering to neighborhoods "where large retailers wouldn't go and listen to customer input on which products to stock."

Despite ample competition in the marketplace, owner Cary Cha says he has thrived by adhering to one core value:

"If we're playing their game, we'll lose," he says. "You want to do something else that they don't do well."

- The Food Marketing Institute (FMI) and LearnSomething announced the release of the Food, Drug and Mass Career Preparation Programs. The programs provide pre-employment training for job applicants and performance training for current retail workers. To ensure that the programs have continuing value to completers, FMI and LearnSomething are developing programs only for those career positions projected to have increasing and long-term demand."

According to the announcement, "The first program available - the Pharmacy Technician Preparation Program - includes the preparation course for pharmacy technician certification. Soon to be available is the Retail Associate Preparation Program, with specialization either in Food or in Health, Beauty and Wellness. Both programs provide an overview of retail operations and can be used as a launch point for pursuing management roles."

## The MNB Wal-Mart Watch

- The *Financial Times* reports, "Commercial real estate brokers say Walmart has begun scouting for sites for smaller-format stores in a range of urban markets, including Sacramento and the San Francisco Bay area in northern California, as well as in Reno, Detroit and other cities ... Bill Simon, chief executive of Walmart's U.S. business, has said the expansion plans, to be outlined next month, will include convenience stores similar to those it runs in Mexico and elsewhere in Latin America ... Walmart's small-format ambitions will open a new competitive front in its battle with the traditional supermarkets such as Kroger and Safeway."

- *USA Today* this morning reports that Walmart is expected to announce today that it will "almost double the number of locations to have solar, with a next-generation solar technology planned for many of them."

According to the story, "In 2005, Wal-Mart set the goal of being 100% reliant on renewable energy. It didn't give a time frame and hasn't said how far it's come. But given Wal-Mart's 8,400 locations worldwide, it's barely made a dent in the goal.

"Nonetheless, the world's biggest retailer is running real-world tests on green-energy technologies. Because of its heft, it could quickly deploy winning technologies and propel them into the mass market while proving to other companies that the economics work, renewable-energy experts say."

- *Bloomberg* also reports that the India government may decide within three months whether to allow foreign retailers such as Walmart and Carrefour to open retail stores within its borders, a move that could have enormous implications for retailers hoping to set up shop in Asia's third largest economy.

The companies currently have wholesaling joint ventures in India, but have yet to be able to get into the retail business.

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- The *Chicago Tribune* had a brief piece over the weekend about one of the most popular guys in Chicago, at least among those who would like to rent, sell or build real estate. His name is L.B. Johnson and he is in charge of Walmart's real estate efforts in the Windy City, where the company has plans to build several dozen stores of varying sizes.

"Now that the City Council appears open to an unprecedented urban expansion from the retailer, commercial brokers and developers are 'coming out of the woodwork,' according to a source," the *Tribune* writes.

- *Salon* reports that Walmart is looking to open small-store format units in lower Manhattan and Queens, and is expected to announce its plans at an analysts' meeting next month.

- The *San Francisco Chronicle* reports that Walmart may be looking to open as many as two dozen small format stores in the Northern California Bay Area, in San Francisco, Oakland, San Jose and on the Peninsula - "primarily grocery stores, with plenty of fresh foods and prepared takeout."

The story notes that "at the same time, one of Wal-Mart's chief competitors, Target Corp., is opening smaller, more urban-centric stores, including in San Francisco, while adding more food items to its offerings. Costco is looking to treble its sales of fresh foods in the next 10 years, according to a Costco senior vice president."