

-Week Ending 9/9/11-

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Thanks to MNB
for this selection of
articles.

Buyers Line Up To Acquire Bankrupt, Cash-Strapped Andronico's

The *San Francisco Business Times* reports that there are at least three potential buyers for Andronico's Markets, which filed for bankruptcy protection last month and announced that the seven-store Bay area chain is for sale.

According to the story, the leading candidate is Renovo Capital, which already has given the upscale grocery and specialty foods chain a \$5 million cash infusion in the form of a loan, and owns \$29 million in the company's secured debt. Renovo would pay \$40 million for the chain and leave Bill Andronico, the current CEO, in place.

The other prospective buyers have not been identified.

There is some urgency, as Andronico tells the *Oakland Tribune*, "We are in a cash squeeze ... We need to complete a sale in October."

For An Oasis in A Food Desert, Success Can be Hard To Find

The *Chicago Tribune* has a story about the problems often encountered by supermarkets going into so-called "food deserts," or neighborhoods generally abandoned or ignored by traditional food stores. The *Trib* uses as an example Maywood Market, about 10 miles west of downtown Chicago, which opened about a year and a half ago and is "the first full-service grocery of its size to serve Maywood residents in more than 15 years," and "has been slow and shows no promise of picking up."

According to the story, "The owners' experience underscores the promise and the problems that can arise when such stores open in so-called food deserts — often low-income communities where residents have trouble finding fresh foods. Their success or failure often hinges on a sobering array of intangibles that include income levels, eating habits and the proximity of fast-food restaurants, experts say."

Co-owner Bob Haralambopoulos says that "the problem partly stems from the struggling economy and the long-held ritual of many residents to travel to nearby suburbs to satisfy their grocery needs." In addition, he says that "it's not so much the lack of customers that's the problem now, but how much they spend."

The intentions seem good ... but the question seems to be whether Maywood can hang on long enough for the numbers to begin to make sense.

Sansolo Speaks: Un-Common Sense

by *Michael Sansolo*

The great philosopher Linus, of Peanuts comics fame, once easily summed up everything we need to know about the world. "I love mankind," he said. "It's people I can't stand."

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Amen.

I started thinking about Linus's outlook recently as I watched discussion about the differences in people's political outlook, generational feelings or even sports teams. What puzzles me is probably the exact same thing that puzzles so many of you: How is it possible that people look at the exact same situation I'm looking at...and see it all so wrong? I mean, how is it possible they don't agree with me when I'm always right?

But I don't say it like that. Rather, I find myself asking a question over and over: Whatever happened to common sense?

There actually is a better question: What is common sense?

Most of us might quickly default to the basics such as, treat others the way you wish to be treated yourself ... don't litter ... and always drive on the correct side of the road. But my brother-in-law raised this topic with me as we discussed problems in the world we find so perplexing. He frequently reflects back on a college lesson from the 1960s when a professor was talking about the myth of common sense. The professor argued that common sense relies on a group of people having common values, common experiences and common needs. When they don't have all that in common, they find there is simply no way they will see everything the same way.

And when that happens, common sense starts meaning lots of different things to many people. What's absolutely right to one group is, incredibly, absolutely wrong to another. In business and especially management, this can be a big problem.

What's really essential, I think, is un-common sense.

At a recent Supervalu University conference where I had the opportunity to speak, one of the other presenters had attendees take a quick personality/management test. The DISC test - Myers-Briggs is another example - helps us all understand our decision-making and leadership styles. And, it reminds us that our teams, our families and our communities are made up of people with very different styles. We're not just different by generation, racial, economic or ethnic reasons. We are simply different.

What I perceive as bossy management, someone else sees as decisive and another welcomes as offering structure and guidance. What I might see as inspirational discussion, someone else sees as chaotic and a third sees as overly touchy-feely. As the speaker reminded us, we need to understand and even recruit to these different styles. Otherwise we end up with a group of people who think and act the same way, handicapping our ability to achieve creativity, diversity and change.

Or put another way, we need un-common sense to our way of thinking. We need people who do things differently, who behave in ways that irritate or annoy us because without those differences we'll find change and greatness almost impossible to achieve. At the GMA Executive Conference, former Disney CEO Michael Eisner made this point a different way, talking about the importance of partnerships among leaders. The best pairs, he said, have different strengths and perspectives, which enable great decision-making. The recent resignation of Steve Jobs provided another example of exactly this point. We're all learning about Jobs' successor, Tim Cook, who apparently took care of the details that made Apple's innovations possible.

Another great philosopher, the late comedian George Carlin, once talked about his relationship with other drivers on the road. People who drove faster than him, Carlin said, were maniacs; people who drove slower were idiots. In other words, they were different and therefore, had to be wrong.

Un-common sense is everything it seems. And I'm sure you agree because it isn't possible that I'm wrong. Right?

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](#).

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Dollar General Makes An Online Play

Investors Business Daily reports that Dollar General is launching a new e-commerce site today ... and that "its Web store will offer somewhat pricier and higher-quality products than can be found in its 9,600 physical stores."

The bet, analysts say, is that Dollar General will be able to make more bulk sales online, with higher value orders that will justify whatever shipping costs are built into the system.

It also is seen as a way for Dollar General to attempt to widen its customer base, since many of the core customers that use its bricks-and-mortar locations may either not be computer savvy or have regular access to a computer.

Supervalu Sells 107 Fuel Centers

The *Wall Street Journal* reports that Supervalu, in an effort to get rid of non-core assets, plans to sell 107 fuel centers carrying the Albertsons, Cub Foods, Hornbacher's and Jewel-Osco banners.

According to the story, "Among the buyers of the fuel centers, Tesoro Corp. will purchase 51 Albertsons fuel centers, Alimentation Couche-Tard Inc. will buy 27 Jewel-Osco centers, Holiday Stationstores will purchase 15 fuel centers and Stinker will purchase 14 Albertsons fuel centers." The sales leave Supervalu with 27 fuel centers, for which it says it is looking for buyers.

Supervalu said in a prepared statement that "the transactions, expected to be finalized this fall, will allow Supervalu to monetize non-core assets, creating capital that the company can use to further strengthen its business. The transactions also include partnership opportunities that will result in Supervalu continuing to have the ability to offer fuel rewards programs to its customers through these existing fuel centers, and in most markets, through an expanded network of fuel centers."

Grocery Chains Try To Hold Line On Prices Even As Costs Increase

The *Wall Street Journal* reports that "supermarket chains, many of which face a 4% rise in food costs this year, are being forced to reconcile raising prices with potentially losing shoppers to rivals who hold the line. In this balancing act, chains including Whole Foods Market Inc., Safeway Inc. and Supervalu Inc. say they are trying to make promotions more effective, be mindful of where they raise prices and work out better deals with vendors."

According to the story, the Bureau of Labor Statistics says that "grocery store prices have jumped 5.4% during the past 12 months and that is hitting consumers while they are still concerned about their jobs and facing higher costs across the board, including fuel."

Marsh Plans \$60 Million Investment In New And Remodeled Stores

The *Indianapolis Business Journal* reports that Marsh Supermarkets plans to spend \$60 million over the next three years to build 10 new stores and remodel others.

CEO Joe Kelley says that the new stores will be fresh food-oriented, and also that the company will put a new emphasis on private brands as he looks for new ways to differentiate the 97-store chain.

FastNewsBeat

- The *St. Louis Business Journal* reports that Schnuck Markets "is selling nine grocery stores and eight gas stations in Memphis to Kroger," a move that "will mark the St. Louis-based grocer's official exit from the Memphis area."

According to the story, "The remaining three Schnucks locations in the Memphis area will close within 30 days of the sale ... Kroger said it will convert and rebrand the stores in the coming weeks. Kroger currently

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operates 37 Memphis-area stores. That number will jump to 43 with the acquisition, after the grocer closes two existing Krogers to make way for the new Schnucks.”

- H-E-B announced that it has launched an early childhood literacy initiative to educate parents and caregivers about the importance of reading to children a minimum of three times per week and to provide families with the tools and resources they need to prepare their early learners for school.

The H-E-B Read 3 campaign is said to be the brainchild of H-E-B CEO and Chairman Charles Butt who has a strong commitment to education. In Texas, the company points out, “almost one third of the state's children entering the first grade are living in poverty while one in four Texas preschool children are not read to on a regular basis ... The H-E-B Read 3 campaign has three basic components -- an in-store learning and shopping experience for customers, access to affordable books and community outreach.”

H-E-B plans to open 10 literacy centers in 10 of its stores by fall 2011. Currently, the company has two literacy centers -- one in Tomball, Texas and the other in Laredo, Texas.

- Safeway announced that it is now offering walk-up flu shots, nasal mist and high-dose flu vaccines at more than 1,100 Safeway, Vons/Pavilions, Carrs, Dominick's, Genuardi's and Tom Thumb/Randalls stores with pharmacies across the country.
- The *Lakeland Ledger* reports that Publix has opened a new prototype store in Valrico, Florida, described as a 54,000 square foot unit that “trades extra backroom storage space for more room on the shopping floor, which in turn allows Publix to increase its offerings in nearly every department and aisle. There are more varieties of ethnic, organic and gluten-free foods, and diverse produce choices like kohlrabi and Thai guava. The seafood department has a lobster tank and fresh sushi. The wine section is roughly double the size of those found in most Publix locations.”
- GFS Marketplace, which promotes itself as being a warehouse club store without any membership fee, has opened its first Florida store, in Altamonte Springs, with several more scheduled to open in central Florida over the next few years.
- *Crain's New York Business* reports that Aldi plans to open its first store in Manhattan, in Harlem, in a complex that already has a Costco, Target and Best Buy. Aldi opened its first New York City store in the borough of Queens last February.

The MNB Wal-Mart Watch

- The *Chicago Sun Times* reports that 77 Chicago-area Walmart stores now are featuring Ticketmaster touch screen kiosks that allow people to buy tickets to live events and then save printing and shipping fees by printing them out right there. The kiosks are said to be exclusive to Walmart.
- Walmart International CEO Doug McMillon said yesterday that the company could look for a Japanese acquisition to improve its business there - but did not comment on speculation that it might buy Tesco's 129 stores there, which were put on the sales block last week.

According to the *Reuters* story, “Japan is a small but important business for Wal-Mart, the world's largest retailer. Sales at its Japanese stores have improved in the months following the earthquake and tsunami as Wal-Mart focuses on everyday low prices and brings in fresh food and other products from elsewhere to try to stand out from competitors.”

Walmart currently has more than 400 stores in Japan.

- Walmart has not committed to entering Russia yet ... but it has hired Lev Khasis, the former head of that nation's largest retailer. The *Wall Street Journal* writes that he “will serve as senior vice president and chief leverage officer, a job whose responsibilities include integrating new retail acquisitions and combining purchasing in Wal-Mart's myriad locations to get better deals from suppliers.”

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Executive Suite

- Golub Corporation/Price Chopper Supermarkets announced that Paul Gillis has been promoted to the position of Director, Center Store focusing on grocery food merchandising.

The company also announced that Michael DeSimone, manager of General Merchandise Sales has been promoted to the position of Director, Center Store focusing on General Merchandise and non-foods.

- The Kroger Co. announced that Joe Fey has been named to be the new president of its Quality Food Centers (QFC) division, succeeding Donna Giordano, who has moved south to be president of Kroger's Ralphs division in Southern California.

Fey has been vice president of merchandising for Kroger's Michigan division.