



*-Week Ending 2/12/10-*

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Thanks to MNB  
for this selection of  
articles.

## **Walmart's Move To Bag Certain Brands Likely To Have Broad Implications**

*Advertising Age* reports that in an effort to streamline its SKU count, "Walmart has sent Glad and Hefty bags packing from its food-storage shelves ... In food bags, Walmart has consolidated nationally with one brand, SC Johnson's Ziploc, and its own private label, Great Value, wiping Glad and Pactiv Corp.'s Hefty off its shelves, according to a person familiar with the matter. (Pactiv confirmed the move for its brand, while spokespeople for Walmart, Clorox and SCJ declined to comment.)

"In trash bags, Glad and Hefty have retained their places on the shelves, two people familiar with the matter say, but Hefty now has a smaller assortment limited to its CinchSak line. This position was most likely preserved, says Consumer Edge Research analyst Bill Pecoriello, by Pactiv Corp.'s agreement to take over all private-label manufacturing for Walmart's Great Value trash and food bags.

"The clearest winner in the Walmart bag war - besides the retailer's own Great Value - appears to be SC Johnson's Ziploc, with mixed results for Glad, owned 80% by Clorox Co. and 20% by Procter & Gamble Co., and Pactiv Corp.'s Hefty."

And, *Ad Age* writes, "Similar decisions are likely to play out across other categories over the course of the year, as Walmart steps up efforts to streamline brand assortments, often to the benefit of its fast-expanding Great Value brand and national brands that survive the vetting."

The *Wall Street Journal* also reports on this trend, reporting:

"Private-label sales accounted for 13.4% of a basket of U.S. groceries in 1994, but likely reached a new high of 17.5% in 2009, fuelled by tougher times, says Robert Moskow of Credit Suisse.

"The key question is whether Americans will stick with generics if the economy improves. In some consumer-product categories such as razor blades, differences in quality are noticeable. A better shave is probably worth paying for again as soon as it becomes affordable. But for many commodity-like products, second-best has proven good enough. Private-label products account for 26.2% of ketchup and condiment consumption in U.S. households, up 4.2 percentage points from 1994, according to Consumer Edge Research. The firm found that 63.3% of shoppers were 'very satisfied' with generic condiments, nearly the highest rate of all categories surveyed.

"Spices could be in the same boat. Like ketchup, spices can be hard to distinguish from premium alternatives, apart from packaging. Spice manufacturer McCormick saw private label's share of its markets rise to 14.5% in 2009 from 13.5% in 2008,





Mr. Moskow says.

"The shift appears have jolted even brand-focused Wal-Mart into action. The retail giant has scrambled to accommodate consumer tastes by offering more generic foods in recent years. McCormick generates 11% of its revenue from sales to Wal-Mart, mainly by selling brand-name spices. But Wal-Mart has considered switching to private-label spices, testing the idea by replacing McCormick products with generics in some stores.

"True, McCormick's sales at Wal-Mart may not be wiped out altogether if such a switch gathered pace. The company also produces private-label spices that could replace some of its brand-name products on Wal-Mart's shelves.

"Even so, McCormick's margins could take a big hit. The company's generic spices sell for 30% to 40% less than its regular products. On the cost side, materials and packaging expenses are probably only slightly lower for private-label spices. And the company could hardly risk cutting its advertising budget."

## **Wegmans, Shifting Focus, Cuts Peripheral Products & Services**

In Syracuse, the *Post-Standard* reports that "Wegmans is dropping its in-store, dry-cleaning drop-off and pickup service. The motive, the company says, is to make more room to allow Wegmans stores to do what it says they do best: sell food, not peripherals.

"If it's the start of the trend, or a one-and-done for Wegmans only, it will be interesting to watch. In the '90s and into the 2000s, supermarkets couldn't get enough of the added-on services: photo, video, child-care, salons, restaurants, pharmacies and more.

"Don't expect to see pharmacies leave supermarkets - far too profitable - but let's watch and see if this is a move by grocers to get away from having too much on the side, taking the eye off a retailer's core business. If it's the start of the trend, or a one-and-done for Wegmans only, it will be interesting to watch. In the '90s and into the 2000s, supermarkets couldn't get enough of the added-on services: photo, video, child-care, salons, restaurants, pharmacies and more."

## **Tops CEO Lays Out Plans For Newly Acquired Penn Traffic Stores**

The *Buffalo News* has an interview with Tops Markets CEO Frank Curci, in which he addresses the challenges facing his company now that it has more than doubled its size by acquiring bankrupt Penn Traffic's 79-store grocery chain.

Some excerpts:

"We've got to get the stores back to their normal condition before we can start making improvements. We plan to [renovate] more stores than fewer. We will have to prioritize and decide what will give people faster returns."

"As you can imagine, these stores have been capital-starved for years. Right now we've got to figure out the condition of the company, then clean up the stores, get them filled with merchandise and [hire more people.]"

"We can't do everything in one year. Penn Traffic didn't go into bankruptcy overnight, and the stores aren't going to be up to our standards overnight, either. There were smart people running the company, but they were in a position where their hands were tied. It's difficult running a company under bankruptcy. These stores were underinvested in."

## ***Sansolo Speaks: "Columnist, Heal Thyself"***

**by Michael Sansolo**

No doubt many of you have heard and used the phrase "hoisted on one's petard" without knowing the origin of the saying. Based on the Middle French word for flatulence, it relates to building a bomb to harm one's enemies and getting blown up by it yourself.





Yet, it best refers to those of us with too many opinions who occasionally (or frequently) have to eat our own words. Well, dear readers, allow me to start mealtime.

I cannot possibly count the times that I have talked about the importance of being pro-active. Years of speeches, articles and even the book I did with Kevin all repeat this lesson again and again. Plan ahead and honestly face the facts I always say. Failure to do so never, ever works out well unless you are stunningly lucky; which most of us simply are not.

(Get ready, the petard is ticking...)

Six weeks ago, I wrote about my own lack of planning in failing to get my snow thrower tuned prior to the winter. But living near Washington, DC, snow is really something we don't worry about all that much. Usually we get a couple of inches, panic and move on. My snow thrower spends most winters getting as much action as my New York Mets World Series bunting. So I figured this would be another winter where getting the snow thrower ready was simply a waste of time and money. And I passed on doing it.

Of course, just before Christmas it snowed like crazy and despite my prayers and best efforts, my snow thrower never lurched into gear. Instead of walking behind it and watching it do magic, I shoveled load after load of snow mixed with regret. Of course, I didn't rush to fix the thrower in the subsequent weeks. After all, what were the odds that Washington would get a second big snow storm in the same winter? I mean, that never happens.

Assuming you saw any news this weekend, you know Washington got a Buffalo-like snowstorm. It was such a big storm that it got its own logos on the news and names like "Snowpocalypse," "Snowmageddon" and "Tsownami." And guess what: my snow thrower didn't use the six weeks since the previous storm to heal itself. So once again, I grabbed my shovel, averted my wife's annoyed glance and headed out time and again to try moving the endless snow falling from the sky. (In truth my wife helped each time and remained mute on the snow thrower. My daughter was a different story however. She sat by and reminded me to wave to the idle snow thrower each time.)

So, yes, my petard blew up right underneath me. Countless words spent urging action before, not after the problem. Countless time reminding people that problems rarely cure themselves. Countless articles and speeches on the danger of denial as a strategy. And countless times my wife and daughter reminded me this weekend that I was supposed to take care of the snow thrower weeks ago.

Well, no pain, no gain. Right?

In my case, it meant some sore muscles, some cold digits and lots of time spent digging out. For business, the result is rarely so simple. As my lesson suggested, luck is never a strategy. Get the snow thrower tuned when the sun is shining because while you can't prevent the snow, but you can clear it so much easier. There's a fabulous metaphor for meeting the challenges early, isn't it?

This time I promise to heed my own words. Although, what's the chance of another storm in Washington this year? It has to be small, right?

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## **Time For Drinks On Sunday: Ahold Completes Ukrop's Acquisition**

Ahold said yesterday that it has completed its acquisition of Ukrop's 25 stores in Virginia, and that it will convert all the units to its Martin's banner and begin opening them on Sunday and selling beer and wine.

"Though the name on the front of the store will change later this spring, customers can expect to find the same friendly store associates including pharmacists," says Rick Herring, president of the Giant-Carlisle division of Ahold, which will operate the stores. "Will associates be available to carry customers' bags to their car if they would like? You bet they will!"





The Ukrop family reportedly will continue supplying fresh foods and bakery products to the chain.

## FastNewsBeat

- CVS Caremark said yesterday that it plans to open nine stores in Puerto Rico this year, its first move into the US territory.
- Family Dollar Stores said this week that it plans to extend the hours in most of its more than 6,000 stores, saying that a test in about 15 percent of its units had proven to be successful.

## The MNB Wal-Mart Watch

- *Dow Jones* reports that Walmart Canada announced three pilot projects designed to broaden its commitment to renewable energy, using solar and wind power to make stores and an Alberta distribution center more cost efficient.

The innovations were announced at the Green Business Summit that Walmart has been hosting in Vancouver, British Columbia, in the days leading up to the Winter Olympics.

- The *Hollywood Reporter* says that Walmart has made an exclusive deal to sell a special "fan's edition" of "New Moon," the second movie in the "Twilight" series of teenaged vampire films. According to the story, "The Twilight Saga: New Moon Ultimate Fan Edition" ... will be the only disc release of the sequel to include a seven-minute special feature about upcoming franchise threequel 'The Twilight Saga: Eclipse'.

"The 'Eclipse' feature includes on-set interviews with cast and a clip from the threequel, which is set for theatrical release June 30.

The "New Moon" DVD is due out on March 20.

## The Balance Sheet

- PriceSmart, which operates membership club stores in Latin America and the Caribbean, announced that its January sales went up 9.2 percent to \$106.4 million, from \$97.4 million during the same month a year earlier. Same-store sales were up 5.8 percent.
- Wal-Mart de Mexico said Friday that its January sales were up 12 percent to the equivalent of \$1.84 billion, on same-store sales that were up 5.5 percent.
- Weis Markets said that its fourth quarter sales were up eight percent to \$671.4 million, on same store sales that were up 1.9 percent. Q4 earnings were \$15.5 million, down from \$17 million during the year-ago period.

The retailer said that its annual profit was up 34 percent to \$62.8 million, on annual sales that were up to \$2.52 billion from \$2.42 billion during the previous fiscal year. Annual same-store sales were up 1.8 percent.

- CVS Caremark reports that its fourth quarter net income was \$1.05 billion, up from \$949 million during the same period a year ago. Q4 net revenue was \$25.8 million, up seven percent from a year earlier, on same-store sales that were up 4.9 percent

## Executive Suite

- The Food Industry Association Executives (FIAE) announced that the FIAE Board of Directors has approved the hiring of James V. Olsen, the president/CEO of the Utah Retail Grocers Association, to be its new president, effective April 1, 2010.

He succeeds Barbara McConnell, who is retiring after 15 years with FIAE.

