



-Week Ending 2/26/10-

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Thanks to MNB
for this selection of
articles.

Cultivating Oases In Food Deserts

Reuters reports that the Obama administration has promised to provide \$400 million for a Healthy Food Financing Initiative, "which is modeled on a successful Pennsylvania program that in the last five years has led to more than 80 supermarkets being set up in 'food deserts' - areas that were previously underserved by sellers of healthy food." Included in the support is \$250 million in tax credits "to encourage food retailers to set up food stores in areas that would not otherwise be served by supermarkets."

According to the story, "First Lady Michelle Obama said the new national program aims to eliminate food deserts - where the only food sources are typically convenience stores or gas stations - in the next seven years," and she said "the program is needed to work alongside efforts to improve the quality of food in schools, and to educate the public in healthy eating."

Sansolo Speaks: "White Flags and Flying Tomatoes"

by Michael Sansolo

Harry Truman was wrong. Apparently if you can't stand the heat, you really do get out of the kitchen...even if your kitchen is paradise.

Last week Kevin ran the following item on MorningNewsBeat:

El Bulli, the 60-seat restaurant in Spain that is often said to be the world's best and that is only open for six months every year with reservations virtually impossible to get, will close as a commercial operation in 2011. El Bulli's chef, Ferran Adria, announced that El Bulli will be transformed into a non-profit foundation. According to Adria, the pressures of innovation and living up to El Bulli's reputation had become onerous.

Now I've never been to El Bulli and unlike Kevin, this place isn't on my bucket list, which is no surprise to anyone who has ever eaten with me. But from a business perspective, I find this one of the worst announcements ever.

Re-read why the chef is giving up: *the pressure of innovation and living up to El Bulli's reputation had become onerous.* Essentially it got to be too hard to be great anymore. This would be the equivalent of the Yankees saying the history of winning all those championships had become too much, so the team was switching over to curling. (As a Mets' fan, I hope the Yankees consider this.)





Now, to be fair, Chef Adria is no quitter. While his wonderful reputation can be a burden, he does seem to accept the challenge and in interviews about his plan he talks about how this change - the restaurant is being converted to a non-profit foundation focused on food innovation - will allow him to achieve even greater heights. (Of course, what I don't get is that El Bulli was actually losing money every year, in fact a considerable sum on a per customer basis. Sure the food tastes great, but if you lose money on every transaction you aren't exactly a paragon of business.)

But let's move beyond that. Being great is never easy. It requires discipline, talent, luck and more. Success, excellence and acclaim are all wonderful, but they all come with the pressure of fulfilling that reputation every day. In short, it's hard to get to the top and harder still to stay there.

And that is exactly where we all want to be.

It's the reason I love Shaun White, the US's gold medal winning snow boarder who has been famously trying to ditch the nickname "the flying tomato." White delivered a lesson on living up to your reputation at the Olympics last week. His performances in the half-pipe were so exceptional that he was assured the gold medal even before taking his final run down the mountain. Asked how he wanted to handle what was essentially a victory lap, White joked that he'd ski straight down the middle and do nothing.

Only, that's not what a champion does. So with the gold medal already won, White uncorked an amazing array of tricks that was nothing short of breath-taking and probably struck awe into his already beaten foes. That's living up to a reputation and sending a message to the future.

Every day in every business we have these choices to make, especially in the pursuit of greatness. So in many ways we want to follow the path of El Bulli and understand that there are times to step back, examine the future and prepare for even greater feats. There are times we need to honor our reputation and one breath later set out to make it a memory.

As the catcher-philosopher Crash Davis says in *Bull Durham* when his protégé asks to enjoy a moment of success: "The moment's over." Move on.

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

Wakefern, The Fresh Market Both Seeking DC-Area Locations

The *Washington Business Journal* reports that both The Fresh Market, based in North Carolina, and New Jersey-based Wakefern Food Corp. are looking to find opportunities to set up shop in the nation's capital and/or the surrounding area.

According to the story, "Wakefern is concentrating its local expansion on Maryland and is seeking locations both for the 65,000-square-foot ShopRite stores and the 35,000- to 40,000 square-foot PriceRite stores." The more upscale Fresh Market, on the other hand, which already has one location in Baltimore and will open another in Annapolis branch next month, "hopes to add 10 new locations to its portfolio nationally this year, and 15 the following year, with some falling in the D.C. area. The chain is seeking 20,000-square-foot sites."

The Most Important Meal Of The Day Returns To The Supermarket

The *Washington Post* reports that the recession has chalked up one more victim - breakfast sales at many of the nation's fast food joints.

"Breakfast sales had grown at a ravenous pace during the boom years as busy workers scarfed down sausage biscuits on the way to the office, fueling a \$57 billion business and accounting for as much as a quarter of sales at some fast-food chains," the *Post* writes. "Chains opened earlier and expanded their morning menus to accommodate the traffic as lunch and dinner sales flatlined."





"But as the jobless rate hit 26-year highs fewer people headed to work, and even those who did worried about their spending. So they poured bowls of cereal at home or simply slept in, putting breakfast on the back burner."

The Art & Science Of Coupon Redemption

The Minneapolis *Star Tribune* has a story about three Minnesota women who have turned coupon redemption into a fine art; two of them have turned their talents into a website business advising other shoppers, and one of them actually used coupon redemption as a way of saving enough money to retire \$50,000 worth of debt.

"I spent \$300 to get \$2,000 in groceries for my family of four last month," says Karen Gunter, one of the website advisors. "People hear that and they think I must have OCD: obsessive coupon disorder."

The story notes that "11 percent of shoppers ~~who~~ always use coupons. Sixty-six percent of Americans use coupons either very often or sometimes and 23 percent rarely or never use coupons, according to a 2009 survey by Illinois-based NCH Marketing Services. Those of us who clip or print coupons are using them in record numbers. More than 311 billion coupons were distributed nationwide last year and consumers redeemed 3.2 billion of them, a 23 percent increase from 2008."

The paper also notes that "most coupons are an advertisement for a product we will never buy. Coupon critics complain that most grocery coupons are for highly processed and snack foods. Out of nearly 50 coupons in last week's Red Plum insert, five could be considered meal staples (pasta sauce, bread, vegetable oil, sour cream, and meat entrees). The rest were for fast food, snack food, pet food, vitamins and supplements, hair and makeup products and household cleaning products. Shoppers looking for healthier options have to dig deeper, said Gunter, but they're there."

Bashas' Rejects Albertsons \$290 Million Buyout Bid

The *Phoenix Business Journal* reports that bankrupt Bashas' Supermarkets has rejected a \$290 million acquisition bid from Boise-based Albertsons Inc.

According to the story, "Michael McGrath — a partner with Tucson law firm Mesch, Clark and Rothschild PC, which is representing Bashas' in the bankruptcy — called the offer 'unsolicited and unexpected.'" And, he said, "This isn't as good an offer as Bashas' has proposed in its reorganization. The reorganization plan keeps the company in the family and pays all the creditors."

Bashas' filed for Chapter 11 bankruptcy protection last July after being hard hit by both the recession and amped-up competition. The story notes that "Bashas' has closed about 30 of its 150 stores, resolved disputes with labor unions and reworked some of its leases with landlords worried about losing anchor stores since then."

Albertsons CEO Robert Miller reportedly told Bashas' Chairman Eddie Basha in a private letter that "such a transaction will help protect the value of Bashas' business and should be considered by your board and other interested parties before any plan of reorganization is voted upon."

Target Lays Out 2010 Plans, Has "Guns Blazing"

The *Wall Street Journal* reports that "after more than two years of being outdistanced by Wal-Mart Stores Inc., Target Corp. said ... it is coming out with guns blazing, planning to prove it is the low-price leader and offers better quality than its larger rival."

However, Target CEO Gregg Steinhafel also said that Target will ""maintain our focus on fashion, design and a superior store experience." And Kathryn Tesija, executive vice president of merchandising, said that Target grew market share in 2009 and has "plans in place to accelerate that trend in 2010."

Analysts point to an improved private brand program as part of Target's improving appeal, and suggest that Walmart could stall



out a bit because its core shopper base is being hardest hit by the recession, while Target will appeal to a broader consumer demographic with more refined tastes and a little more money, though they are unwilling to trade up to more expensive stores.

FastNewsBeat

- The *Atlanta Business Chronicle* reports that employees of the Kroger Co. in Atlanta and Savannah, Georgia, have ratified a new contract, though details of the new contract were not divulged.
- Sprouts Farmers Markets has announced that it plans to open its seventh Colorado store and 46th store overall when it unveils its newest unit in Centennial later this week. The company, which offers what it calls "natural, organic and favorite indulgence foods at a great value" - has been on something of a growth tear lately and plans to open two more units in Colorado - in Greeley and Lone Tree - later this year.
- The *Berkshire Eagle* reports that Big Y foods plans to open a new 45,000 square foot store - the first so-called "World Class Market" format built by Big Y that is smaller than 50,000 square feet - in Lee, Massachusetts, in summer 2011.

The MNB Wal-Mart Watch

- *Reuters* reports that Wal-Mart de Mexico "will use a small supermarket format aimed at low income customers to drive its expansion in 2010...the company is also set to increase its bank branches by 88 percent, said Chief Executive Scot Rank."


Of the 300 stores that will be opened this year, the story says, "186 will be the Bodega Aurrera Express, a format it launched last year."

- Walmart has reached a deal to acquire Vudu, which the *New York Times* describes as "three-year-old Silicon Valley startup whose online movie service is built into an increasing number of high-definition televisions and Blu-ray players, according to two people briefed on the deal." Terms of the deal were not disclosed.

While Walmart is the largest seller of DVDs in the country, "it has so far lacked a way to deliver movies digitally to people's homes — a glaring weakness as consumers shift from renting and buying physical discs to streaming movies over the Internet." The *Times* writes that "Wal-Mart's move is likely to give a lift to sales of Internet-ready televisions and disc players, which generally cost a few hundred dollars more than devices without such connections. These products allow people to watch movies and shows over the Internet, bypassing their traditional cable or satellite service. The deal could also allow Wal-Mart to one day sell a variety of other merchandise through people's televisions via the Vudu service."

- *Digital Signage Today* reports that Andy Johnson, creative director at Walmart, told an audience at the Digital Out-of-Home Advertising Summit this week that the retailer's new SMART Network, which replaced its old Walmart TV system, has been a rousing success - reaching more customers with more messages and driving more sales from a highly targeted audience.

- *Reuters* reports that Wal-Mart Japan CEO Toru Noda said this week that his division is "actively" seeking opportunities for mergers and acquisitions as a way to grow.

- Walmart announced yesterday the opening of a new headquarters in Miami for its Latin American operations. 

Eduardo Solorzano, the new regional president/CEO for Latin America, said that "the opening of this new regional office reflects a renewed level of service and support Walmart Latinoamerica is ready to provide, to our markets, to our associates, to our stores, and to the people in countries throughout Latin America, whether we have stores in those countries yet or not."

According to a *Bloomberg* story, Solorzano says that his division plans to be active on the acquisition front. "I don't believe there is a name that we would withhold or withdraw from the list of (acquisition) prospects," Solorzano said.

- Walmart Canada said yesterday that during 2010 it plans to open 35 to 40 supercenters, a number that includes new units, relocations, expansions and remodels. The program represents an investment of close to a half-billion dollars, not including the more than \$100 million that will be applied to the construction of a new sustainable refrigerated distribution center.





By the end of the year, Walmart is expected to have about 325 supercenters and 201 discount stores operating in Canada.

The Balance Sheet

- The Campbell Soup Co. said yesterday that its second quarter profit rose 11 percent to \$259 million, compared to \$233 million during the same period a year ago. Q2 sales were up one percent to \$2.15 billion.
- Target said yesterday that its fourth quarter earnings were up a whopping 53.7 percent to \$936 million, on Q4 sales that were up to \$20.18 billion from \$19.56 billion during the same period a year earlier. The improved financial performance was attributed to a successful end-of-year holiday shopping season.
- Dollar Tree Inc. reports fourth quarter profits that were up 28 percent to \$135 million, on Q4 sales that were up 12 percent to \$1.56 billion. Annual sales rose almost 13 percent to \$5.23 billion, with profits of \$320.5 million, up from \$229.5 million a year ago.