



-Week Ending 1/29/10-

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

Whole Foods Launches New Health-Driven Initiative

Whole Foods has announced that it is launching a "Health Starts Here" initiative in all of its 289 stores, as it works to encourage its shoppers to adopt a healthier approach to food that it says includes plant-based, nutrient-dense whole foods, which it says should be real, fresh and natural, and, when possible, organic, local and seasonal.

"We opened our first store 30 years ago to provide natural foods as a delicious and healthy alternative to the increasing amounts of highly processed foods with artificial ingredients," said Margaret Wittenberg, global vice president of quality standards, in a prepared statement. "Over the years, we realized that providing the healthiest foods available is simply not enough. We are now deepening our commitment to healthy eating by providing education and support tools to inspire interest in foods that help improve and maintain health and vitality."

Whole Foods said that it is partnering with two unique third-party healthy eating partner programs - Eat Right America and the Engine 2 Diet - that offer 28-day "getting started" plans while "providing plenty of room for personal choices to help those who are interested in starting on their own journey down the road to optimum health."

According to the announcement, "Whole Foods Market will feature free information, recipes, in-store lectures, events and support groups. A selection of supporting educational books and cookbooks will also be for sale alongside the 'Engine 2 Diet' book and 'Eat Right America' program materials."

Sansolo Speaks: "The On-Going Battle For Mealtime"

by Michael Sansolo

ORLANDO, FL. -- In the midst of economic meltdowns, format proliferation and so much more, it's easy to forget root issues that shake an industry. But the simple truth is that there has been no single factor that has impacted the food industry as much as this:

Thirty-five years ago 47% of mothers with school aged children worked outside the home. Just prior to the current economic downturn, that percentage was 71%.

In the process, mealtime changed radically and moved countless billions of dollars out of the aisles of supermarkets and into





food service establishments from McDonalds to Starbucks to Chili's, Applebee's and more. And in the process, food stores and products changed radically to make putting a meal on the table easier than ever.

Yet the battle rages on and the lingering question is why should anything be different tomorrow?

This morning at the Food Marketing Institute (FMI) Midwinter Executive Conference in Grande Lakes, FL, the Coca-Cola Retailing Research Council is delivering some new answers to that question thanks to a new study prepared in concert with NPD, a well-known researcher of food service trends. More than answers, though, the study outlines the changing challenges facing supermarkets in the battle for breakfast, lunch, dinner and snack time. The battle, the questions and the challenges deserve consideration yet again.

(Full disclosure: I remain a participating member of the current Council and helped work on the research and preparation of this report.)

NPD's research unearths some interesting ways of considering the challenges of different meal occasions, including some incredibly contradictory behavior during the course of daily meals. For instance, the same people who complain about boredom with meal choices at dinner have no problem eating the exact same breakfast daily. What's more, the same shoppers who put a heavy premium on convenience are increasingly willing to add a stop in their commute to buy coffee.

As NPD carefully shows, each meal has different characteristics, which means the battle facing the supermarket changes by the meal. And that in turn means the strategies supermarkets must employ require a constant examination of shopper behavior and needs to make sure the mix is constantly shifted for success.

The report clearly outlines areas of opportunity, specifically an overall 2.2% increase in sales growth per store if aggressive measures are followed. Yet, it also lays bare some incredible challenges, including how the drivers of meal decisions at dinner can be both strengths and weaknesses for supermarkets. A big part of that is that dinner is largely a one-hour experience from preparation through clean up, yet sadly, eating is a relatively small part of the hour.

In the course of the report, NPD examines the drivers of meal decisions during each part of the day, the impact of changing demographics and the incredible opportunity for sales growth if supermarkets can start winning back meal occasions. (You should shortly be able to [click here to read the entire report under the tab for the North American council](#)

The motivation to read it couldn't be any simpler. As former Supervalu CEO Jeff Noddle said at an FMI Midwinter meeting just a few years back: The loss of meals has impacted supermarkets more than Walmart, Costco, Whole Foods and others. The battle goes 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](#).

Tops Bid For Penn Traffic Assets Approved By Bankruptcy Court

Tops Friendly Markets announced that its bid to acquire a majority of Penn Traffic's assets, including its 79 supermarket locations, has been approved by the U.S. Bankruptcy Court.

The acquisition is expected to close by the end of this week.

"We are very pleased that the court has approved our comprehensive bid, said Frank Curci, Tops' president and CEO. "We look forward to the upcoming closing and the opportunity to bring the Tops Friendly Markets shopping experience to our new neighbors and customers."

Reports: Former Nash Finch CEO To Move To A&P

There are numerous reports in the media that Ron Marshall, the former CEO of Nash Finch and most recently CEO of Borders, is about to take the CEO job at the troubled Great Atlantic & Pacific Tea Co. (A&P). That job has been taken on an interim basis





by Christian Haub, the company's chairman, since the dismissal several months ago of Eric Claus, who was criticized for not delivering the financial results the board wanted (though recent results have actually declined since Claus's departure).

Marshall reportedly has resigned from Borders, where he worked for just a year. In a *Business Week* story, analysts say that Borders continues to be in a perilous competitive and financial situation, though a spokesperson for the company says that Borders has made progress cutting costs, reducing debt and improving cash flow."

Walmart Arms Itself For Realigned Global Sourcing Strategy

Walmart yesterday announced a series of initiatives that the company's vice chairman, Eduardo Castro-Wright, said would be "important elements in the company's strategy to deliver even greater value to its customers and shareholders."

The goal, according to the announcement, is to "position the company to leverage its global scale to reduce costs of goods, accelerate speed to market, and improve the quality of products.

"Walmart's new global sourcing strategy involves the creation of Global Merchandising Centers, a change in leadership and structure, and a strategic alliance with Li & Fung, a global sourcing organization."

The consolidated global sourcing structure centered around new Global Merchandising Centers (GMCs) was first announced at the company's annual meeting last October, and Castro-Wright said they "represent the largest and most important element of our new sourcing strategy. These centers will create alignment between sourcing and merchandising and drive efficiencies across various merchandise categories." The company said that the core of the company's overall global sourcing strategy will be to continue increasing direct sourcing for the company's private brands. Today, private brand merchandise represents more than \$100 billion in purchasing annually.

Walmart said yesterday that Ed Kolodziecki, currently president and CEO of Walmart Japan Holdings G.K. and Seiyu, has been promoted to executive vice president and will lead Walmart's Global Sourcing, reporting to Castro-Wright.

Walmart also said yesterday that it has "finalized a series of agreements with Li & Fung. The agreements are non-exclusive and do not include volume or shipment commitments. The strategic alliance between the two companies will allow Walmart to realize the benefits of consolidating a portion of its sourcing portfolio. Li & Fung, which is forming a new company to manage the Walmart account, is expected to build capacity that would enable it to act as a buying agent for goods valued around US \$2 billion within the first year."

In addition, the *Wall Street Journal* reports, Walmart "is consolidating its U.S. realty, store operations and logistics divisions, which will operate under three geographic business units, as the world's biggest retailer aims to become more efficient and lower operational costs." The company "plans to break up its U.S. business into North, South and Western regions, each of which would have its own real estate teams to scout and build new stores, and merchandising teams to fine-tune the mix of products sold to suit local customs. The new model more closely resembles the company's international operations, which are headed by country presidents with similar teams working underneath them."

Castro-Wright, in a memo to employees, said that the regionalized approach "will also support our efforts to accelerate our speed to market with new formats."

Tales Of Tesco

- Tesco-owned Fresh & Easy Neighborhood Markets in the western US announced that it is introducing more gluten-free products, adding new shelf labels to call out notable gluten-free items and is making a list readily available of all products in the store that are made without gluten-ingredients. The move is a response to the fact that gluten-free is the number one dietary request from its shoppers.

- In the UK, the *Sun* reports that Tesco has begun posting signs in its stores prohibiting people from shopping in their pajamas.

The sign specifically says: "To avoid causing offence or embarrassment to others, we ask that our customers are appropriately





dressed when visiting our store.”

Tesco says the policy is being implemented as a reaction to customer complaints.

FastNewsBeat

- Kroger-owned Fred Meyer announced that its unionized employees have ratified a new four-year agreement that covers some 3,000 associates working in 27 stores in the Portland, Oregon, metro area.

The MNB Wal-Mart Watch

- Walmart is getting high marks - and internet “buzz” - for a new television commercial that debuted Sunday during the NFL championship games.

The ad portrays a family in which an entire children’s birthday party has been created through purchases at the discounter. As part of the party, the child’s father has dressed up as a clown to surprise her....and when he jumps into the room, his foot lands on small toy unicorn, driving the animal’s horn through his foot ... causing a scream of unremitting agony that, amazingly enough, makes the audience laugh.

The Balance Sheet

- Harris Teeter said that its first quarter sales were up 4.7 percent to \$972.3 million, on same-store sales that were off 2.4 percent. Q1 profit declined to \$42.3 million from \$44.3 million in the year-ago period.

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- Ingles Markets reports first quarter sales of \$841 million, up 4.5 percent compared to the same period a year ago, on same-store sales (excluding gasoline) that were up 0.8 percent. Q1 net income was \$6.0 million compared with net income of \$11.1 million for the year-ago quarter.

Executive Suite

- HEB announced that Craig Boyan its COO and chief strategic officer, will take on the additional role of president of the San Antonio-based company. He succeeds the retiring Bob Loeffler, who in fact volunteered to serve as chief administrative officer for two years before taking full retirement.

- UK retailer William Morrison Supermarkets has named Dalton Philips, the former Walmart executive who currently is COO at Loblaw in Canada, as its new CEO. He succeeds Marc Boland, who has joined Marks & Spencer.

