Industry Overview

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Greetings!

MMI is pleased to provide you, our valued business partner, with our complementary October 2009 edition of MMI Insights - Industry Overview. Thank you for your interest. As always, contact us regarding any questions that you may have - we're here to help.

featured column

'MAKING A DIFFERENCE': Gain the Competitive Advantage

October 21, 2009 *(Progressive Grocer) by Harold Lloyd*--
News Flash: The Spouting Whale Gets Harpooned. (Translation: Don't dare to be different. Don't make waves. Don't stand out in a crowd.) Corollary: The whale that doesn't spout, drowns. Many experts and articles have espoused the importance of having a uniquely competitive edge to succeed in business. I'd offer a more specific observation: that all successful businesses dominate their marketplace in four or five distinct ways, not one.

The fact is, domination in only one or two strategies can be catastrophic. Ask Peoples Express Airlines, which focused only on Price (No. 3) as its point of difference. Or Sears, which has struggled for years to be known for something besides its Signature Brand (No. 23) - Kenmore.

Here is an array of 25 alternative strategic points of difference (SPODs):

Our mission is to ...
Have the Freshest Products Have the Greatest Variety of Products Be the Low-Price Leader Be Price Competitive Be the Easiest to shop Be the Most Community-Involved Be the Cleanest, Most Sanitary Have the Highest-Quality Products Have the Most Knowledgeable Staff Be the Best Place to Work Be the Most Kid-Friendly Be the Most Savvy Niche Marketer Have the Fastest, Most Efficient Checkout Be the Most Fun (i.e., Treasure Hunts) Be the Friendliest Place in Town Have the Most Convenient Location Have the Greatest Selection of Services Be the Most Cost-Conscious Be the Most Technologically Advanced Be the Most Unique and Creative Operator Be the Best Meal Marketer (Foodservice) Have the Most Personalized Service Have the Strongest Controlled Label/Signature Items Be the Most Socially Responsible/Environmentally Friendly Be the Most Promotionally Exciting

Think of a business you and your family love to patronize. Now, ask yourself, "What does this company do better than all of its competitors?" Watch how the points of difference (or points of greatness) begin to flow from your mind. I guarantee you won't only think of just one difference. More likely, you'll come up with three or four.
Now, think of a business that you frequent only because of habit or its convenient location (No. 16). Try to identify its unique points of difference besides being conveniently located. You'll be lucky to come up with two reasons for that business' being.

Finally, think about your store. Can you make a case for market dominance in three, four or five of these 25 SPODs? Being as honest and objective as you possibly can, try listing your unique points of difference. If you're like many, you'll be quick to write down that you are undoubtedly the "Friendliest" store (No. 14). Then, you'll write down "Freshest" (No. 1). After that, you struggle. How about the "Cleanest"? And, oh yeah, "Community"? Torn between your pride and your objectivity, you sit looking at a very short list of dubious advantages. Are you really the best at cleanliness (No. 2)? If your store is 10 years older than the newest place on the block, that's a hard image to win. Are you really the best at community relations? Just because you dole out money to every needy cause doesn't make you an active community participant. Your toughest competitor up the street rewards all of its managers with time off and company-paid membership dues for joining and participating in any local civic organization. So, who's really committed to the community?

Bottom line: You might have one convincing SPOD and two "maybes." But all of the evidence suggests you must have three fully developed SPODs to survive, and four or five to thrive.

Of course, selecting your five strategies is relatively easy. Effectively executing them to market dominance is an entirely different matter.

The selection process can take anywhere from five minutes, if you do it by yourself (the wrong way), up to two days (the right way).

The right way involves inviting 15 to 30 of your most involved, dedicated and wisest folks from all levels to a strategy meeting. The process of choosing your five SPODs should occur right after the group has reviewed and signed off on your mission statement as one that is inspiring and provides clear direction. (See www.progressivegrocer.com/haroldlloyd for more information on crafting an effective mission statement.) The next step is for each person in the group to take the list of 25 SPODs and ask themselves these three questions about each strategy:

Is being the "________-est" something you truly want to achieve? Yes ?   No ? Is being the "________-est" something the customers in your marketing area really want? Yes ?   No ? Is your company physically, financially and intellectually capable of achieving the "_________-est"? Yes ? No ?
If the strategy being tested receives three "yeses," it qualifies as a legitimate option for your company's five SPODs.

The next step is to invite all participants to compare their top five selections. Then, get the group's consensus as to the top five most relevant SPODs. This empowering experience will reward the participants with the feeling that they helped determine the company's direction and future.

Looking at a few recent issues of Progressive Grocer, I spotted five companies that were mentioned in high regard. If you know these markets or have ever shopped in these stores, you'd agree how easy it is to pick their unique sets of SPODs:

Publix's five SPODs (No. 6, No. 7, No. 8, No.10, No. 22) Wegmans' five SPODs (No. 1, No. 8, No. 9, No. 10, No. 21) Costco's five SPODs (No. 3, No. 8, No. 14, No.18, No. 23) HEB's five SPODs (No. 3, No. 6, No. 8, No. 9, No. 20) Dorothy Lane Markets' five SPODs (No. 1, No. 8, No. 9, No. 21, No. 22)
Now, pick a company that you know has fallen on tough times or was recently merged with or purchased. Look for what you might guess their SPODs to be. Odds are, you'll come up with only one or, at most, two, but no more. This realization supports my hypothesis that if you develop five SPODs, you're relatively impervious to competitive incursions and economic downturns. With only one or two legitimate SPODs, your months are numbered.

Lesser leaders might be discouraged to learn that earning the distinction of being the best at anything takes time. The companies mentioned above didn't earn their five SPODs in a couple of periods. But with an unwavering commitment, you can count on achieving market supremacy with regard to your three to five SPODs a few years after you get started, and long before it's too late.

Finally, in order to get noticed, you must stand out. A church marquee said it best: "Stand for something or you'll fall prey to anything."

Harold Lloyd is a retail specialist, author, teacher and presenter. He was the president and CEO of a 14-unit retail enterprise and more recently the owner of a three-unit family-restaurant franchise. He has a Bachelor of Science degree from The Wharton School at the University of Pennsylvania and an MBA with Honors from the University of Chicago.

private label news

Private Label Growing Rapidly

September 22, 2009 *(Brandweek)*-- Even as the economy begins to rebound, budget-friendly private labels continue to draw in consumers, per a new report from Information Resources, Inc. According to "IRI Times & Trends Report: Game-Changing Economy Taking Private Label to New Heights," private label unit share has grown to 22.8 percent (up 1.2 points) in the past 12 months. Dollar share has grown 0.7 points to 17.6 percent.

This is in line with a Nielsen report in August that private label sales were up 7.4 percent compared to the previous year, as well as Mintel's recent findings that private labels saw twice the growth as branded items in 2008, largely due to the rapidly improving quality and packaging of store brands.

Many private label offerings, like Target's Archer Farms, Safeway's O Organics and Supervalu's Wild Harvest, are now viewed as on the same level as brand name products, according to the report.

"The popularity of private brands will continue as a result of several factors," said IRI Consulting and Innovation president Thom Blischok, in a statement. "These products offer a very strong value proposition based on quality as well as price." For more of the article click here.

Less is More -- Are Store Brands Exempt?

October 11, 2009 *(Progressive Grocer)*-- In an industry where retailers are dramatically changing their go-to-market strategy by trying to do more with less -- simplifying their stores and revamping the center store -- are store brands exempt from consideration? According to a recent Wall Street Journal article, the nation's largest retailers are expected to decrease the assortment of items in their stores by 15 percent on average over the next year. Even big-box stores such as Walmart are putting the pressure on manufacturers to simplify their offerings -- in some cases, by as much as 30 percent to 40 percent. A question that manufacturers are afraid to ask is: how do store-brand items fit in with this new vision of de-cluttering the store?

Industry experts are finding that using one universal assortment strategy when managing store brands across all categories isn't as productive as setting a strategy by category. Within certain categories, the assortment of store-brand items could be exempt, expanded or even contracted in the pursuit to simplify the shelf while simultaneously growing sales.

Room to Grow
Historically, store-brand items were considered to be of lower quality compared with their brand-name counterparts and were sold at a lower price point. However, companies have started to market higher-quality store-brand products to boost in-store presence and consumer awareness. As Paco Underhill notes in his book, "Why We Buy: The Science of Shopping," "Today we have the contradiction of generic brand names, store-owned brands that are packaged to look as luxurious as anything else on the shelves."

For the rest of this article [click here.]

Private Label Halloween Candy Sales Frightful

October 15, 2009 *(Brandweek)*-- Costumed kids might think it's a trick if they receive store-brand candy. While consumers are embracing private label brands in most categories, candy isn't one of them. In fact, private label candy sales are expected to shrink in the weeks leading up to Halloween.

During the year, store brands make up an 8.1% share of candy sales, but in the weeks leading up to and including Halloween, the store brand average dips to 5.6%, per Nielsen.

On a unit basis, private label only made up 5.1 percent of candy sales for the year ended Sept. 5. In all other categories in food, drug, mass including Wal-Mart, private label made up 21.6 percent.

"It speaks to the marketing muscle and brand equity brands in this category have," said Todd Hale, svp, consumer and shopper insights for Nielsen. "They have spent a lot of money on advertising and new product development. It shows in terms of loyalty and their overall share of market."

Overall, candy and gum brands spent $458 million on advertising for the first 8 months of the year, per Nielsen. Last year, spending within the category hit $786 million.

Approximately 598 million pounds of candy is sold during the Halloween season, accounting for $1.9 billion in sales. Halloween is tops for chocolate sales. Consumers tend to wait until the last minute to make their purchases, so nearly 90 million pounds of chocolate are sold during the holiday week. The number is almost double that of Valentine's week (48 million pounds of chocolate sold) and more than Easter week (60 million pounds).

This is why marketers like Hershey's escalate their advertising and their offerings leading into Oct. 31. Hershey's, last week, announced eight new assortment packages, including its Seasonal Shapes assortment containing 50 snack size packages, and Good & Plenty, Good & Fruity snack size assortment. One of Hershey's top Halloween sellers, Reese's Peanut Butter Cups, is available in pumpkin shapes and Hershey's Kisses can be purchased in three packs in lieu of handing out individual pieces.

"All holidays are important, but we strive to make people think of Hershey's when they think of Halloween," said Hershey's rep Jody Cook. "Every year we come out with new packaging, designs or products to keep the excitement around what Hershey's is offering."

Of course, its competitors are trotting out their latest and greatest as well. Mars Snackfood US has begun offering candy already in costume. M&M's, this month, debuted the Kiss Blend exclusively at Wal-Mart. The candies feature the painted faces of Kiss' band members.

Category Analysis: Seafood- SS

	Unit Sales	Unit Sales % Chg YAgo	Unit Share	Unit Share Chg YAgo	Dollar Sales	Dollar Sales % Chg YAgo	Dollar Share
CATEGORY - SEAFOOD -SS	978,450,600	-2.4	100.0	0.0	$ 1,539,818,000	5.6	100.0
PRIVATE LABEL - SEAFOOD -SS	158,098,400	11.5	16.2	2.0	$ 168,466,200	21.0	10.9
CLAMS	22,392,660	-5.4	2.3	-0.1	$ 41,396,760	3.5	2.7
PRIVATE LABEL CLAMS	14,132	-75.0	0.0	0.0	$ 28,920	-68.0	0.0
CANNED TUNA	768,702,800	-0.8	78.6	1.3	$ 1,108,872,000	7.5	72.0
PRIVATE LABEL CANNED TUNA	146,679,400	12.3	15.0	2.0	$ 142,706,200	21.6	9.3
CANNED SALMON	57,326,700	-17.9	5.9	-1.1	$ 141,243,900	-2.4	9.2
PRIVATE LABEL CANNED SALMON	6,281,262	3.0	0.6	0.0	$ 15,395,310	22.1	1.0
ALL OTHER FISH/SEAFOOD	125,410,200	-3.7	12.8	-0.2	$ 237,825,200	2.7	15.4
PRIVATE LABEL ALL OTHER FISH/SEAFOOD	4,931,110	-0.1	0.5	0.0	$ 10,001,110	11.4	0.6
IRI Latest 52 Weeks Ending Oct 4, 2009							

The Total SS Seafood Category decreased 2.4% in Unit Sales while PL increased 11.5%.

Private Label Clams decreased dramatically 75% in Unit Sales and 68% in Dollar Sales over Yago.

The Total Canned Tuna Category decreased 0.8% in Unit Sales while PL Unit Sales increased 12.3% and Dollar Sales 21.6% gaining Share.

The Total Canned Salmon Category decreased 17.9% in Unit Sales while PL Unit Sales increased 3% and Dollar Sales 22.1%.

organic news

SHOPPER CULTURE: Evolving Organics

October 21, 2009 (*Progressive Grocer*)-- In 1997, The Hartman Group published its first strategic analysis of the rapidly changing organic market with the aptly titled report "The Evolving Organic Marketplace." As it turned out, we accurately predicted not only a fast-changing corporate game board within a vibrant subset of consumer packaged goods (where large conglomerates would begin to dominate a fragmented market through acquisition of small, pioneering brands), but also correctly envisioned the explosive growth of the organic category. At the time, organics accounted for just under 1 percent of the $500 billion food market, but we believed the category was capable of growing several times beyond that size.

Fast-forward to 2008, and we found that such predictions were indeed true: the Organic Trade Association (OTA) reported U.S. organic food sales have grown 17 percent to 21 percent annually since 1997. That compares to 2 percent to 4 percent growth for total U.S. food sales during the same time period. Examining its most recent trade data, the OTA reported in 2007 that organic foods accounted for roughly 2.8 percent of food sales in 2006, reaching $16.7 billion and making up over 95 percent of all organic product sales.

Yet, today, beneath all the hyperbole about the dramatic growth of the organic market, rumblings of slowdowns in certain organic categories - or at least a suspected plateauing of overall organic sales - have surfaced. Our 2008 report, "The Many Faces of Organic," revealed this peak in organic sales as evidenced by the aggregate consumer use of organics dropping four percentage points, from 73 percent of the population buying organics in 2006 to 69 percent in 2008. Looking back to 2000, we see that overall organic usage has leveled off.

To read more click here.

food safety news

F.D.A. asks for stronger food safety legislation

October 22, 2009 (*Food Business News)*-- Dr. Margaret Hamburg, commissioner of the Food and Drug Administration, appeared before the Senate's committee on health, education, labor and pensions on Oct. 22 to discuss reforming the food safety system. Her appearance came with the House of Representative's "Food Safety Enhancement Act of 2009" and the U.S. Senate's "F.D.A. Food Safety Modernization Act" heading to conference. While noting the bills show there is "broad agreement on the general direction of food safety reform," Ms. Hamburg added areas of the bills need improvement.

Focusing her comments specifically on the Senate bill, S. 510, Ms. Hamburg said it represents a comprehensive and significant modernization of the food safety system and provides the F.D.A. with some essential legal tools. She still noted room for improvement.

For the full article click here.

new product news

Sparkle Plenty

October 22, 2009 *(Progressive Grocer)*-- According to its maker, The Healthy Beverage Co., the Steaz Zero Calorie Sparkling Green Tea product line is the first certified-organic, all-natural zero-calorie carbonated soft drink on the market. Touted by the Newtown, Pa.-based company as a great alternative for diet soda drinkers, the stevia-sweetened beverage offers 120 milligrams of natural tea antioxidants and comes in four fruit flavors: Raspberry, Orange, Blueberry Pomegranate and Black Cherry. Replacing the current line of Diet Steaz Sparkling Green Tea, the produce retails for a suggested $4.99 per four-pack of

12-ounce fully recyclable glass bottles. Separately, Steaz has rolled out formula and packaging enhancements to its core Sparkling Green Tea line, adding B vitamins and lowering the sugar content for a 75-calorie-per-serving soft drink, and introducing labels that feature what it calls "zen-cool brand imagery." For more information, visit www.steaz.com.

A Taste of Home

October 15, 2009 (Progressive Grocer)--ConAgra Foods' Marie Callender's brand is stepping out of the freezer case and onto the shelf to bring consumers the taste of a special, home-cooked meal at work, with the launch of Marie Callender's Home-Style Creations. Made with premium ingredients such as whole beef strips, authentic cheeses, wine reduction sauces and savory herb and spice blends, the microwavable meals will be found in the pasta or soup aisle at grocery stores nationwide and require no refrigeration or freezing, making them a great workday lunch option. The meals also employ the same patented tray-in-tray steaming technology found in Omaha, Neb.-based ConAgra's Healthy Choice Fresh Mixers. This innovation creates fresh-tasting flavors and textures by separating ingredients during preparation -- key to maintaining a homemade taste. Carrying a suggested retail price of $3.49 per 6.49-ounce to 7.95-ounce container, the line consists of six varieties: Classic Stroganoff, Creamy Parmesan Chicken, Garlic Herb Chicken, Meatball Lasagna, Sweet Sesame Beef and Traditional Stuffing & Turkey. To find out more, visit www.conagrafoods.com.

tradeshow news

Future Connect Attendance at 1,800

FOOD MARKETING INSTITUTE

October 14, 2009 (*Supermarket News*)-- Attendance at Food Marketing Institute's first Future Connect leadership development conference is about 1,800, almost the full complement of registrants who had originally planned to attend in May before it was postponed, an FMI spokeswoman told SN.

Hy-Vee, based in West Des Moines, Iowa, leads the pack with 161 attendees, followed by Kroger Co., Cincinnati, with 145 and United Supermarkets, Lubbock, Texas, with 114.

Other large contingents include Supervalu, with 75; Associated Wholesale Grocers of Kansas City, Kan., with 61, Campbell Soup Co., with 54; K-VA-T Food Stores, with 46; Acosta Sales and Marketing, with 45; Hannaford Bros., with 41; Kraft Foods and Publix Super Markets, with 40 each; Wakefern, with 34; and Hershey Co. and Lund Food Holdings, with 26 each.

PLMA's 2009 Private Label Trade Show is Just Around the Corner

(plma.com)-- PLMA's annual private label trade show will be held Sunday, November 15 through Tuesday, November 17 at the Rosemont Convention Center in Chicago.

For retailers, wholesalers, and their suppliers, the time to emphasize private label has never been so obvious. And the best way to get into private label is PLMA's 2009 Private Label Trade Show. It is the only trade show devoted entirely to store brands. For almost 30 years, PLMA's annual private label trade show has been the place where retailers and suppliers meet to build their private label business. It's the industry's event of the year.

With more than 2,000 exhibit booths, the show spans five halls of Chicago's Rosemont Convention Center. Exhibitors come from more than 35 countries. Product categories include fresh, frozen and refrigerated foods, beverages, snacks, shelf-stable groceries and ingredients of all types. On the non-food side, there is household and kitchen, paper and plastics, health and beauty, GM and DIY. Everything today's consumers want and it is all available under one roof at one show in one visit.

For more information visit http://www.plma.com/

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