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In three years at the helm, Nash Finch CEO Alec Covington has kept the company focused on improving its distribution business — Page 12

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SNAP May Augment Food Sales

By JON SPRINGER

An increasing pool of food-stamp recipients — along with a recent benefits increase through the federal economic stimulus bill — are shifting billions in purchasing power toward lower-income shoppers.

These changes should provide an additional pop for food retailers — particularly for discounters already seeing benefits of a flight to value among all shoppers, observers said.

As part of the American Recovery and Reinvestment Act of 2009, monthly benefits for recipients of Supplemental Nutrition Assistance

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Industry Concerned About LIFO Accounting Changes

By ELLIOT ZWIEBACH

The food industry is gathering data to fight efforts in Congress toward the possible repeal of the LIFO method of inventory accounting — proposals that could mean not only higher taxes on inventory

going forward, but also back-tax obligations on inventory reserves.

The National Grocers Association, Arlington, Va., is collecting responses from its retail and wholesale members to a survey asking their opinions on what LIFO repeal could mean for their businesses.

The full survey results will be reported to the association's members and could ultimately be used in presenting the industry's case before Congress, Tom Wenning, NGA executive vice president and general counsel, told *SN* last week.

LIFO — last in, first out — is an accounting method that helps companies determine the asset value and tax liability of their inventory. It assumes

that products being sold in any given period were purchased at the most recent price paid for that inventory. Since the most recent prices are usually higher due to inflation, LIFO tends to reduce taxable income.

It's been legal since the late 1930s for companies in inventory-intensive businesses and has been used by approximately two-thirds of food retailers and distributors since the 1970s and 1980s, when inflation became rampant, Wenning said.

Although repeal of LIFO is not specifically mentioned as a line item in the 2010 federal budget proposed by President Obama and approved by both houses of Congress, many observers believe LIFO repeal will be included as the House Ways and

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Beef Backer Award Winners Talk Tactics

By ROSEANNE HARPER

PHOENIX — New packaging, added variety, a sharp focus on interaction with customers, service-plus, creative promotions and community events such as parking lot cook-offs have put three supermarket companies in the spotlight for outstanding beef merchandising and marketing programs implemented during the past year.

The Kroger Co., Cincinnati; Associated Food Stores, Salt Lake City; and Adams Hometown Markets, Cheshire, Conn., won the Beef Checkoff Program's 2009 Beef Backer Awards, which were presented at the Cattle Industry Annual Convention & NCBA (National Cattlemen's Beef Association) Trade Show here.

Kroger won in the innovation category for the design of its new Sealed for



Adams Hometown Markets prides itself on service in its meat department, where the meatcutters are always accessible.

Freshness packaging, which does a number of things, including extending shelf life. Its features include space for a lot of information and, at the same time, an expanded clear panel to show more of the product.

"The whole front of the

package is clear, except for a narrow border, which makes the product the star," said Gary Luechauer, director, meat and seafood merchandising and commodity procurement at Kroger, which has 2,400 stores across the country operating under several banners.

Luechauer emphasized that the back of the pack is utilized for recipes and cooking instructions, as well as information about the product itself and its shelf life.

"The [vacuum] packaging forms itself tightly around the product, making the product stand out even more," Charlie Milacki, manager of Kroger's case-ready operations, pointed out.

"We worked closely with our state beef councils and NCBA on the packaging design and on other merchandising efforts," Luechauer said.

This is the second year Kroger has won a Beef Backer award. Last year, the award recognized the chain's merchandising of flat iron steaks. Interestingly, that value cut — which has gained in popularity over the last couple of years — was a factor in this year's win, too. Kroger had the Sealed for Freshness packaging designed for its flat iron steaks, and tested the packaging in two divisions last summer.

"While it was an extension of the flat iron program, we went to other cuts with it so we could expand on it. Now we're using it for skirt steak and flank steak, and sandwich steaks," Milacki said.

Luechauer added that by extending the shelf life of flat iron steaks, the packaging had actually helped boost the popularity of the product.

"At the point we introduced flat iron steak in Dallas at the end of 2006, we weren't selling that many of them," he said.

"The new packaging extends shelf life, and the fact that each [package] is a single serving makes it easy for customers to freeze them if they want to. The product can go straight from the grocery bag to the freezer."

Since its launch last August, Sealed for Freshness packaging has been rolled out to additional divisions.

The packaging costs more than traditional packaging, but Kroger has not raised the retail price of any of the items packaged in it.

"We expect to make up the difference in increased sales volume and lowered shrink," Luechauer told SN.

Commenting on the company's Beef Backer Award, Luechauer said Kroger holds the awards in high regard and is proud to be a winner.

The two other Beef Backer Award winners expressed similar sentiments. Then they described their particular efforts to sell more beef.

Revved-up training, merchandising of new cuts, and strongly urging interaction with customers formed the crux of Associated Food Stores' beef-selling efforts this past year.

Kelly Mortensen, meat and seafood director at Associated, told SN that the company recently became more heavily involved with NCBA's training camps.

"We did a lot more cutting at the camps, at four of our distribution centers," he said.

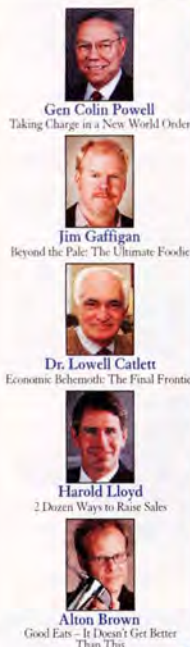
Cutting from the loin was featured at the latest round of training.

"Last year, the focus was on the value cuts, but this time we cut New York roasts, top sirloin filets and other cuts from the loin," Mortensen said, adding that he deems variety very important.

"As a wholesaler, we have about 150 different cuts at our warehouses," he said, adding that Associated serves hugely diverse areas.

The wholesale company has 480 units, 22 of which are corporately owned.

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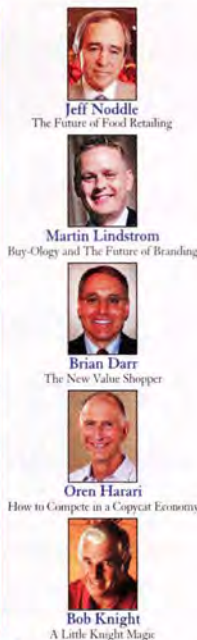
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Associated Food Stores' Ultimate Ground Beef program features grinding in-store.

the consumer, Associated recently acquired jet netter equipment and began using a monofilament for netting roasts, "which works better on the small cuts," Chris Houser, Associated's localization meat specialist, said.

As localization meat specialist, Houser's job involves getting associates to increase interaction with customers, as well as initiating events that involve the particular community in which a store is located.

"One of the most interesting [community events] we did last year was a Dutch oven cook-off in the parking lot at a Macey's store in Providence, Utah," she said.

Anybody in the community could sign up for the cook-off, but one requirement was that they cook a flat iron steak in addition to other cuts.

"Some just cooked it like they would a stew, but two or three of the participants managed to produce a flat iron that looked — and tasted — like a medium-rare steak," Houser said.

Mortensen called attention to Associated's Ultimate Ground Beef program, which features grinding in-store.

"It's a very responsible program. We have to log everything we use. Trim is kept separate from coarse grind, and there's no regrinding. And we offer a good variety, with 85% lean to 93% lean."

Always looking for new ways to promote beef, Associated launched a promotion of lean beef cuts right after the New Year, when just about everybody says they want to go on a diet.

"But everybody wants to eat beef, too. So we took 12

of our lean cuts and put an across-the-board retail price of \$2.99 a pound on them," Mortensen said.

Convenience and service are the company's hallmarks, he said.

"We use the recipe and cooking instructions labels, but we also encourage our meat associates all the time to interact with our customers."

He and Houser underscored the importance of that.

"There's a study that shows that 86% of customers who are talked to [by an associate or manager] in the meat department will make a purchase," said Houser.

"We take service very seriously."

So does Adams Hometown Markets.

Both Dave Hess, Adams Hometown Markets' vice president, sales and operations, and Rich Popowicz, the company's director of meat and seafood, credit superior customer service for sales success that shows beef sales up 11% year-to-date.

They aim to make things easy for customers, they said — offering everything from easy access to the meatcutter to on-pack cooking directions and recipes.

While most of the company's nine stores have self-service-only meat departments, there is a lot of interaction.

"The meatcutters come out on the floor. There is always access to them," Popowicz told SN.

And Hess added this: "The service level looks like you would have found 25 years ago. It's all about customer service."

It must be working. The company's meat business — even in this dark economy — is growing by double digits and is 4% ahead of store trend.

Offering variety and convenience count, too.

"Right now, we're developing more cuts, boneless chuck, chuck eye steaks," Popowicz said.

"We're also the only retailer around here who puts pop-up timers in all its tied roasts," he added. "That's particularly important when a customer buys a standing rib roast. When they've spent a lot of money for a roast, they don't want to burn it."

The company does its share of traditional promotions, especially during grilling season. Last summer, it orchestrated a giveaway contest in which a customer won a Weber grill and enough flat iron steaks, along with cooking instructions, for eight people.

Adams' plans right now are focused on the upcoming grilling season.

Recession Takes Toll On Produce Intake

Continued from Page 21

and public relations programs and to compare with results of their own consumer panels and focus groups.

The survey was the third round of the Generation X Mom Survey on attitudes, knowledge and beliefs related to the consumption of fruits and vegetables, Stevens said. One thousand Gen X moms were surveyed from across the country on Jan. 16-22.

On average, respondents reported consuming 2.38 servings of fruit and 2.32 servings of vegetables each day this year. By contrast, in 2008, respondents reported 2.71 servings of fruits and 2.48 servings of vegetables; in 2007, respondents reported 2.17 servings of fruits and 2.3 servings of vegetables; and 2006 Gen X moms said they consumed 1.96 servings of fruits and 2.21 servings of vegetables.

Although this is the first year in which the survey has reflected a decrease in consumption, average consumption reported by respondents is still higher than 2007. PBH representatives said that healthy eating initiatives, such as the Fruits & Veggies — More Matters campaigns, were still having a positive, long-term effect on fruit and vegetable consumption, and that the current decline in consumption is due to shoppers cutting back on spending due to the recession.

PBH has added tips, recipes and other resources to help moms make adding more fruits and vegetables to their families' diet easier and more affordable. For example, to stretch food budgets, PBH suggests mothers can tap all forms of fruits and vegetables — fresh, frozen, canned, dried and 100% juice.

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