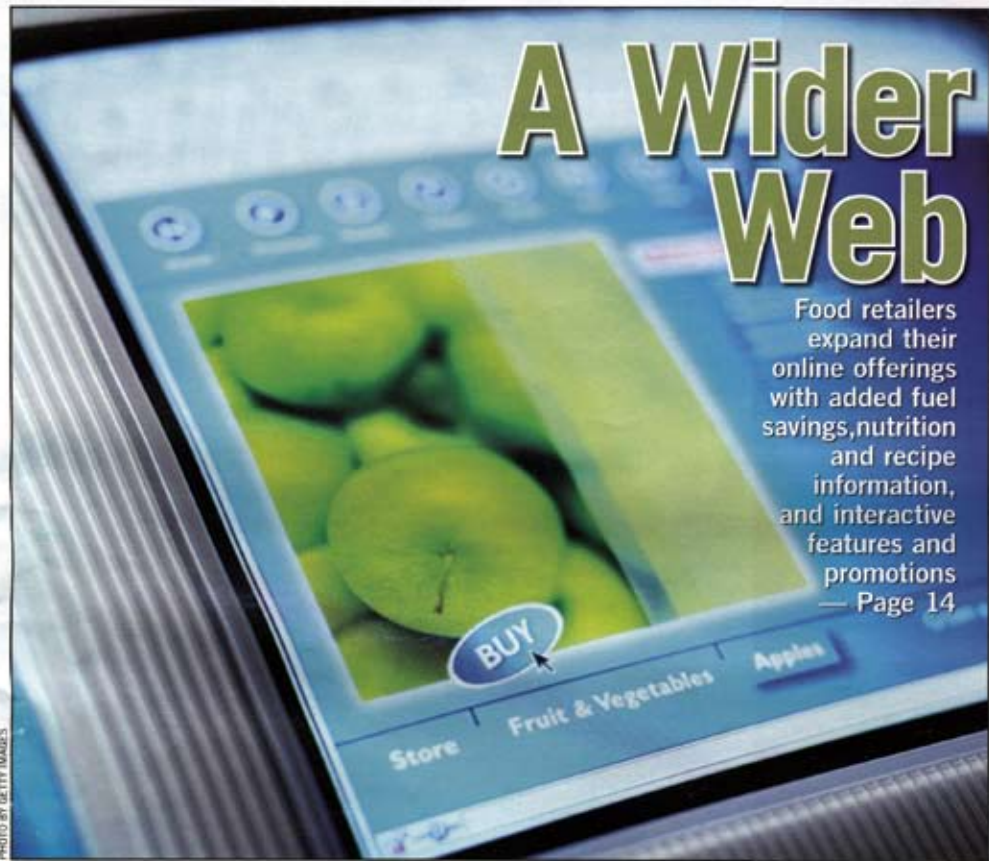


SN

SUPERMARKET NEWS



A Wider Web

Food retailers expand their online offerings with added fuel savings, nutrition and recipe information, and interactive features and promotions — Page 14

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Economy, Miscues Hit Supervalu

By MARK HAMSTRA

MINNEAPOLIS — Supervalu said last week that although it was making some progress in stemming sales erosion, its outlook for the rest of the year has been dimmed by the weak consumer and its own marketing mistakes.

"We all know it is a difficult environment, and one of the most challenging operator climates we have seen in a long time," said Jeff Noddle, chairman and chief executive officer, in a conference call discussing results for the second fiscal quarter. "But we cannot blame external forces alone for our results. We did not execute well on several

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Spartan Boosts Michigan Base With VG's Buy

By MARK HAMSTRA

GRAND RAPIDS, Mich. — Spartan Stores here last week agreed to acquire the 17-store VG's Food and Pharmacy chain, considered one of the premier independent operators in Michigan.

The \$85 million, all-cash purchase is expected to close by the

end of the current fiscal quarter. VG's is Spartan's own largest wholesale customer.

In a conference call discussing second-quarter earnings, also announced last week, Spartan's new chief executive officer, Dennis Eidson, said the VG's business was a strong one.

"VG's is an exceptional retail supermarket operator with very keen insight into their markets," he said. "They run a great business, as evidenced by the more than \$30 million in capital investments that they've made in their stores during the past five years."

Spartan said VG's averages about \$376,000 in sales per week, or \$100,000 more than Spartan corporate stores.

In an interview with SN, Lisa Van Gilder, president and CEO of VG's, said she had some health problems that led her family to choose to sell the company, which had been founded by her

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Manchester, Conn., store.

Despite the struggling economy, he's noticed an uptick in the number of shoppers asking about Fair Trade items in recent months.

"They buy Fair Trade products because of the high quality, which is very important to them, but the main reason is a concern for how the producers are treated," he said.

Highland Park Market carries around a dozen varieties of Fair Trade coffee in all. They include Organic Coffee Company's Zen Blend, Hurricane Espresso and Java Love, as well as Fairwinds products like Coconut Cream, Belgium Lace Chocolate and Costa Rica Tarrazu.

People across the nation are becoming more aware of the concept, according to Marek.

TransFair's data reveals that awareness of Fair Trade was at 7% in 2003 but by the end of 2007 had grown to 27%. "We've only been certifying Fair Trade for 10 years, and awareness is already this high," he said.

In certain regions, like the Midwest, shoppers still need a bit of prodding.

Such is the case at Fresh Encounter, Findlay, Ohio, said Eric Anderson, co-president.

"It's not that they don't understand or support the concept," he said. "Our shoppers do talk about Fair Trade, but they aren't motivated to buy yet."

Fresh Encounter hopes to

ers will appreciate it too."

As Fair Trade Certified products continue to pop up in new categories like wine and fresh cut flowers, retailers should ramp up their educational efforts, advises Carmen K. Iezzi, executive director of the Fair Trade

"There's nothing like listening to a woman talk about growing up without the money for education, but with the help of Fair Trade profits, that same woman found a way to graduate and go on to become the president of her local co-op," said Marek.

ducers or a single Fair Trade distributor can cut out some of the middlemen," she said. "As a result, the added costs normally associated with Fair Trade products are not factored into the overall supply chain costs, and translate to savings for the consumer."



Composite products that include Fair Trade ingredients are hitting supermarket shelves.

Federation, Washington.

"Consumers can now buy Fair Trade sugar, olive oil, rice, nuts, tea, coffee, cocoa, chocolate and bananas," she said. "People know about some of these, but retailers really need to help educate them about the whole spectrum of products that are currently available" throughout the store.

Iezzi suggests using shelf talkers and literature to draw attention to Fair Trade fare.

"Some of the main talking points should include

Sam's Club uses videos that show the farmers and producers, emphasizing the improvements they've experienced as a result of Fair Trade sales, he added.

Presentations like these might also focus on how dollars from Fair Trade sales are pumped back into the communities where items are produced. Often schools are built with the money, health care is made available and clean drinking water is provided so people don't have

Chains that find ways to offer affordable Fair Trade foods will do more than boost sales. They will show their shoppers that they understand their desire to be socially responsible, even during a recession, said Mona Doyle, president, Consumer Network, Philadelphia.

"More and more people are looking for the lowest prices possible now that the economy is in such dire straits," she said. "But, even though they are pinching