The Voice

of the Nebraska Grocery Industry
July / August 2012

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Retail Food Inflation Drops To 3.4% Through July

As reported by The Food Institute

Retail food prices as reported by the Bureau of Labor Statistics declined in July versus the prior month and were just 1.9% above year earlier levels. This brought the food-at-home inflation rate down for the seventh consecutive month, to 3.4%. And based on the downward trend in wholesale prices, retail prices will likely continue to move lower in future months.

All center-of-the-plate offerings increased during the month and compared to a year earlier, beef was up 6.6%, pork declined 1%, poultry increased 6% , and fresh and seafood were up 1.6%. Meanwhile, fresh produce prices dropped 1.3%, processed fruits and vegetables declined 1%, and dairy declined 0.5%. Food away-from-home prices increased 0.2% during July and through the first seven months of 2012 were up 3% from a year ago.

Wholesale Food Price Inflation Just 2.9% Through July

The wholesale food price inflation rate dropped this month to 2.9% on an annualized basis through July. During the month, the Producer Price Index for finished consumer foods did climb 0.2% from June however, with more than half of that advance attributable to a 5.5% jump in pork prices during the month. Prices for almost all other major food categories, with the exceptions of eggs, dairy, soda and cooking oils, dropped during the month. When compared to year earlier prices, beef and chicken remained well above 2011 levels, up a significant 14.9% and 16.1%. Pasta was also up sharply, by 10.6%. Offsetting these were lower prices for dairy (down 9.3%), and fresh produce.

Tepid Growth For Food Retailers Again In July

Checkouts at the nation’s food and beverage stores rang up on 2.3% more sales in July than the same month last year, still under the retail food inflation rate, meaning there was no real increase in tonnage passing through stores. Through the first seven months of 2012, these retailers saw sales in increase 3.5% -- barely keeping pace with the inflation. Strong competition from alternative retailers has certainly made it more difficult for supermarket operators to pass along price increases although they effectively did so earlier this year. At the same time, however, sales at alternative retailers, such as warehouse clubs, supercenters and drug stores, have been stymied as well, moving down from year earlier levels or only marginally higher during April, May and June as shown below.

Growth At Clubs & Supercenters Not Apparent For Three Months

For the third consecutive month, sales at the nation’s warehouse clubs and supercenters showed little change from the prior year during June, increasing just 0.4%. This brought cumulative 2012 sales at these outlets only 2.7% more than the prior year - almost a full percentage point less than growth at food and beverage stores which we called tepid above. Even so, the Food Institute estimates, these retailers sold over $100 billion of food products in the first half of 2012 - about one-third of the amount sold in food and beverage stores. Drug store and pharmacy sales continue to be negatively impacted by the introduction of generic versions of some blockbuster drugs late last year and earlier this year, with sales dropping 3.6% from a year earlier during June. And through the first half of 2012, drug store sales were just 0.3% higher than 2011, with an estimated $9.2 billion from food sales.

Even Restaurant Sales Growth Slowed In July

Marking the smallest percent increase over year earlier levels in 2012, sales at the nation’s eating and drinking places increased just 5% in July. Even so, year to date sales through Aug. 1 were up 8.1% from 2011, far outpacing sales at grocery stores or clubs and supercenters. Full service restaurant sales growth continues to outpace quick service sales. Through the first seven months of 2012, the Food Institute estimates full service units posted an increase of nearly 10% compared to a 5.4% increase out limited service outlets. It does appear that consumers celebrated Fourth of July in a hearty manner this year, with sales at drinking place during the month increasing an estimated 5.8% on the heels of a 13% jump in June - perhaps the result of strong Memorial Day traffic.

2013 Calendar of Events

Jan. 16 .... AWG Springfield Spring Show
Jan. 23 .... AWG Kansas City Spring Show
Jan. 24 ...NGIA Legislative Dinner, Cornhusker Hotel
Jan. 20-22 .... 2013 Midwinter Executive Conference
Feb. 10-13: National Grocers Association Synergy Showcase
Feb. 19-21 ....Nash Finch Spring Trade Show in Minneapolis
Mar. 1-2 ....Affiliated Foods Midwest Trade Show, Omaha
April 17 .... AWG Kansas City Summer Show
April 17-18: .... Washington Public Policy Conference
April 24 .... AWG Springfield Summer Show
April 30–May 2: .... FMI's Future Connect, Orlando, FL
May 28 .....NGIA Spring Golf Outing at Quarry Oaks
July .... NGIA Annual Conference
July .... NGIA Sand Bagger Golf Outing
Aug. 20-22 .... Nash Finch Fall Trade Show in Minneapolis
Aug. 21 .... AWG Kansas City Holiday Show
Sept. 13-14 .... AAffiliated Foods Midwest Fall Trade Show in Omaha
Sept. 10-11 .... AWG Springfield Holiday Show
Sept. .... Tobacco & Candy Golf Outing

2014 Calendar of Events

June 10 - 13, ... FMI 2014, McCormick Place (South Hall), Chicago, Illinois

(If you would like to have your event listed on the calendar, please contact the NGIA office)


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Rod Anderson Receives Plaque in Recognition of Service on the NGIA Board of Directors

Rod Anderson, ConAgra Foods, served a three year term as a representative of the Associate segment of NGIA members during the Annual Conference.

In recognition of his service and with gratitude for a job well done, Chairman of Board Larry Baus presented Rod with a plaque commemorating his years of service.


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NGIA Holds 2012 Annual Conference at Champion's Club in Lincoln. The day wrapped up with a tour of Memorial Stadium








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NGIA Annual Sand "Bagger" Golf Outing held at Woodland Hills Golf Course

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Save the Date – Day in Washington, April 17-18, 2013

Save the date for the FMI/NGA/FIAE annual "Day in Washington" fly-in on April 17-18, 2013. The meeting will be held at the Hyatt Regency, Capitol Hill. We will share additional details regarding lodging and registration at a later date.

You have Questions…..We Have Answers!

Can I Sell Alcohol To a Tax Exempt Business?
In Nebraska you are able to sell alcohol to any tax exempt entity, including a church. What you are not allowed to do is allow ANYONE to purchase alcohol products on credit. In many areas the church or other tax exempt business has a charge account that is paid at the end of the month. It is illegal to place any alcoholic product on the charge account. Along those lines, I would like to clarify that paying with a credit card is considered the same as paying with cash. Regarding payment of taxes to Revenue, as long as you have the tax exempt certificate for the church on file, and you list the sale as tax exempt, and you keep the receipt for the transaction on file, then you're in good shape.

Are Energy Drinks SNAP Eligible?
If the product contains a 'Nutrition Fact' label – then it IS eligible for purchase with SNAP benefits.

If the product contains a 'Supplement Fact' label, then it IS NOT eligible for purchase with SNAP benefits.

Nebraska General Fund Receipts as of July- 2012

LINCOLN —July Gross Receipts: Tax Commissioner Doug Ewald reported that gross General Fund receipts for July were $271 million, which is 3.8% above the certified forecast of $261 million.

- Gross Sales and Use: 5.2% above forecast
- Gross Individual Income: 3.9% above forecast
- Gross Corporate Income: 0.6% below forecast
- Gross Miscellaneous: 12.8% below forecast

July Tax Refunds: Tax refunds for July were $49 million, which is 3.4% below the certified forecast of $51 million.

July Net Receipts: Net receipts for July were $222 million, which is 5.5% above the certified forecast of $210 million.

- Net Sales and Use 3.8% above forecast
- Net Individual Income: 5.2% above forecast
- Net Corporate Income: 86.2% above forecast
- Net Miscellaneous: 12.6% below forecast

The comparisons in this report are based on the revised forecast made by the Nebraska Economic Forecasting Advisory Board on February 24, 2012. This forecast was adjusted for legislation passed in 2012, divided into monthly estimates and certified to the Clerk of the Legislature by the Tax Commissioner and Legislative Fiscal Analyst on July 16, 2012.

FMI Holds "State Issues Retreat"

FMI completed another successful State Issues Retreat in August in Union, Washington. The Retreat was attended by 25 state association executives and seven representatives from the following FMI member companies: Ahold, Publix, Safeway, Wal-Mart, and Winco.

Geared toward state association executives and FMI-member government relations professionals, top issues discussed were: Food Choice, Obesity, SNAP, Sugar Sweetened Beverage Tax, Alcohol, Cottage Foods, DXM Legislation, Emergency Preparedness, Environmental/Sustainability (EPR, Bottle Bills, etc), Food Deserts, GMO labeling, Grocery Bag bans and fees, Healthcare, Main Street Fairness, Petitioners on Private Property, SNAP Distribution Expansion, FDA Tobacco compliance checks, Unemployment, Unit/Item Pricing and WIC.

Retreat attendees received a federal update of legislative issues via Skype by the FMI lobbyists who remained in DC. In addition to legislative issues, Retreat attendees also discussed association management issues such as the biggest changes and challenges impacting their association.

Guest speakers included Senator Mike Carrell (R-WA-28), who spoke on Organized Retail Crime, Flash Robs and Pharmacy Robberies legislation, for which he was an industry champion, and FMI's David Fikes, Senior Director Consumer/ Community Affairs and Social Responsibility, who spoke on Industry Trends Worthy of Our Attention.

The FMI State Issues Retreat would not have been possible without generous sponsorships from the American Beverage Association, Anheuser-Busch, Coca Cola, Consumer Healthcare Products Association, MillerCoors and Nestle Waters.

Senator Deb Fischer Receives NGA Spirit of America Award

Each year the Nebraska Grocery Industry Association presents the Spirit of America Award on behalf of the National Grocers Association. This is the most prestigious award presented by NGIA. The National Grocers Association began awarding the Spirit of America Award in 1982 to honor individuals who have provided leadership and distinction in the areas of community service and government relations on behalf of the food distribution industry. Nationally, the award has been given to individuals, including past presidents of the United States, and other distinguished individuals serving the public interest.

This year the Spirit of America Award was presented to Nebraska State Senator Deb Fischer. She has served as a Nebraska State Senator for the past 8 years and has held leadership positions throughout her tenure in the State Capitol. She has been a strong supporter of small business and has remained constant in her efforts to reduce governmental regulation and decrease spending. The award was presented in praise of her leadership and in recognition of her commitment to community and civic affairs through her eight years of service in the Nebraska Legislature, along with numerous educational, charitable, community and state organizations. In praise of her active and effective leadership in industry and government affairs to preserve and foster the principles of free enterprise, and as a strong advocate on behalf of the food distribution industry.

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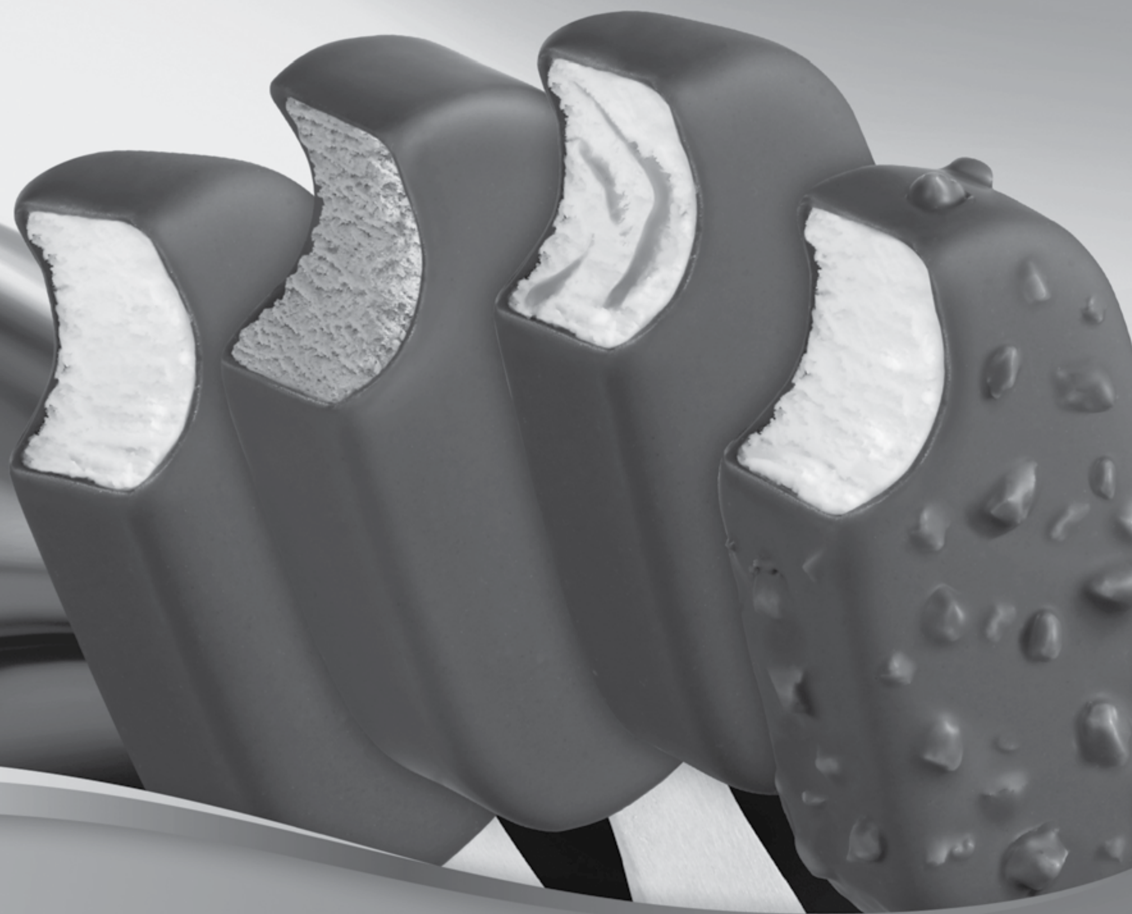

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An Interview with the Gen Y Guy

Preston Swincher addressed the general membership during our Annual Conference, which was held on July 24 at Champion's Club in Lincoln. Preston is a certified speaker with The Center for Generational Kinetics. Jason Dorsey, a bestselling Gen Y Author and speaker, co-founded The Center to bring generations together in the workplace and marketplace.

Following Preston's presentation NGIA conducted an interview with Jason Dorsey to gather more information regarding this thought provoking topic centering around answers to just how employers train and work with the Gen Y employees our members hire, train, and count on for future leadership.

A proud member of Gen Y (who texts his mom every day), Jason has been featured as a generational expert on *60 Minutes, 20/20, The Today Show, The View, in Fortune Magazine*, *The Wall Street Journal* and over 100 other media outlets. Jason draws on his unique perspective as a member of Gen Y who has spoken with 400,000 of his peers on issues ranging from workplace beliefs and education preferences to online shopping habits. Jason also leads the research component at The Center for Generational Kinetics. His bestselling books include *My Reality Check Bounced*! and *Y-Size your Business: How Gen Y Employees Can Save You Money and Grow Your Business.*

Gen Y is a generation of young adults who are often talked about by the media as being entitled. The irony is that entitlement is a learned behavior taught to Gen Y by their Baby Boomer parents. You see this in action when parents tell their children over and over that they are special – pretty soon these kids think they should get a trophy just for showing up! The result is that too many Gen Y'ers learned as children that "Helicopter Mom" was going to swoop in and save them whenever necessary. Some Gen Y'ers even think it has better to not have a job than do something they think is beneath them. Howe4ver, this attitude has come back to reality hard as record unemployment is now changing the priorities and perspectives of this demographic. Add to this mix that Gen Y is graduating from college later than ever before, having their own children later than ever before, and getting married later than ever before and you can see why psychologists have identified a new life state: adult-olescence. On the flip side, many Gen Y'ers are still hard working, bring valuable new skills, and want to make a difference from their first day at work. These are the Gen Y'ers we want as employees.

1. **What is the correct name for your generation: Gen Y, Generation Y, Millennials, Digital Generation, Net Generation, or something else?**

   There is no one absolutely "correct" name for my generation, but there are names that are more commonly used than others. In fact, Gen Y has gone by many different names as our generational characteristics become more pronounced. I prefer the term Gen Y because I've found people automatically know the demographic I'm referencing is the one born immediately following Gen X. The term Millennials is frequently used in the media, but I find it is often confused with those technically born after Gen Y. When discussing generations the key question to ask is: **What birth years are you referring to when you use the term Gen Y or Millennials?** Birth years are the key because they indicate the beliefs, values, preferences, and priorities of a population when segmented by age.

2. **When was Gen Y born?**

   Based on my extensive research, I define Gen Y as those born from 1977 to 1995*. I reached this conclusion after studying the factors that shape a generation and put those in the context of sequential generational defining moments. However, this range of birth years is widely disputed and there is likely no perfect answer. This is particularly true considering a person can be born five years before or after the stated beginning or ending of a generation and exhibit all or most of the characteristics of the generation before or after their actual birth. In my presentations, I explain why this happens, what shapes a generation, and how generational dynamics affect every aspect of our life.

*I think it is important to note that these dates and the related information are based on my work with Gen Y in the United States. When I work overseas, I find that people born during this same birth year range do not necessarily exhibit identical attitudes, beliefs, or expectations as Gen Y in the US. In preparation for international audiences, I always study the factors that shape a generation through the social and cultural lens of the audience's geographic region.

3. How large is Gen Y?

Using the birth year range of 1977-1995, Gen Y consists of approximately 79.8 million people in the US.

4. What birth years do you use when defining the other three generations?

- Generation X: Born 1965 – 1977
- Baby Boomers: Born 1946 – 1964
- Matures: Born pre-1946

5. What are Gen Y's most defining characteristics?

Based on the research for my seminars and upcoming book, here are a few areas where Gen Y contrasts with other generations in the workplace and society:

- Gen Y often has a feeling of entitlement (or at least a belief they shouldn't have to pay all their dues to get where they want to go). However, keep in mind that while this is a prevalent Gen Y mindset it is not true for everyone in my generation.
- Gen Y loves instant gratification. Gen Y is notorious for not being able to wait in line—especially when getting coffee!
- Gen Y is known for having big expectations. "What do you mean I can't start as a manager? I was told if I went to college…"
- Gen Y is tech dependent. If you don't believe me, watch what happens when they lose their cell phone.
- And several other striking characteristics that I explain in my programs along with answering the BIG question: How in the world did Gen Y get this way?

6. If you were to tell me one thing about Gen Y that most people don't know, what would it be?

The recession has changed Gen Y's workplace expectations. Gen Y used to think it was fine to leave a good job after six months without another good job lined up. That's not happening now. At the same time, Gen Y'ers are entering an age where they're finally graduating with advanced degrees, getting married, and having their own children. The challenge is these defining moments, marriage, etc., are happening at a later age than in previous generations. The result is that today's 28 year old may have very different life experiences than Boomers had at the same age. This lack of experience can cause a frustrating disconnect between the generations.

7. **Does everyone in Gen Y fit all these characteristics?**

No way. Whenever I talk in terms of "generations" I am by default limited to generalities. However, I choose not to look at generations as a box that everyone must fit inside. Instead, I see generations as clues on where to start to effectively lead people of different ages toward a specific outcome.

8. **Can Gen Y actually become loyal, hard working, reliable employees?**

Absolutely! Where companies and organizations struggle is when they solely rely on employment strategies that worked well in the past but may not be a fit for Gen Y based on a variety of factors such as communication or life stage. While I've never observed one company that does everything right when it comes to employing Gen Y, I have observed many companies around the world that have solved different pieces of the Gen Y employment puzzle. These companies range from cutting edge technology companies to restaurants such as Rudy's Country Store & Bar-B-Q (http://knmanagement.com). This restaurant employs a large percent of Gen Y'ers. Because of their hiring methods and their training programs they have dramatically lower turnover and incredibly high customer satisfaction compared to other companies that hire from the same pool of potential employees. They use a process called "top grading" that allows them to hire the correct people for the job. They invest in training so their employees want to stay with them. In fact they are the highest grossing restaurant in Texas per square foot. Another example is Bazaar Voice (http://www.bazaarvoice.com) a cutting-edge tech company that is continually voted a best place to work. One of their new customs is for new hires to go on a scavenger hunt, searching for key locations in the company's history. This gives new hires an immediate connections to the company's past and ties that to what the new hires bring for their future. Bazaar Voice makes it a fun place so Gen Yer's want to work there. The bottom line is that Gen Y has the potential and desire to be hard working employees but they want to be engaged differently. You don't have to pay them more to get better performance. They simply want an employer that reaches out to them where they are now – which is what the best employers do. One easy, low cost suggestions from my book Y-Size Your Business is to give a new hire his own business cares – he only needs two (one for Mom and one for Dad!) These small, virtually free actions are what create the connection that leads to loyalty, innovation, and everything else that makes Boomer managers happy.

9. **Aren't we catering to Gen Y by helping them with lessons we learned the hard way?**

I do not advocate catering to Gen Y. Catering to or coddling brings out the worst characteristics! And only reinforces negative stereotypes and can actually increase the gap between generations. Instead, e-Employers should give specific examples of the performance that is expected. If you want a Gen Y'er to greet a customer a certain way, show them how. Better yet, record a 10 second video and then all new hires can watch it. Same goes for things like clothing. If you want them to dress a certain way show them a picture, don't say "business casual." Terms like "business casual" and "great customer service" can mean dramatically different things by generation. The best part of specific examples: you make them only one time, Gen Y learns faster, and you can hold them accountable. The bottom line is that every new generation that enters the workforce frustrates the ones already there and each generation assumes the one after them has it easier than they did. My approach is to find the common ground and strengths each generation brings so everyone has the opportunity to perform at their highest level.

10. **What happens if we, as employers who sign the paychecks and set salaries, say "Enough! We don't want to cater to this attitude of entitlement"?**

You should not cater to entitlement or any other habits that go against your company's culture. Instead, be willing to go through the effort to attract the right person, train them, and help develop their skills. If you are not finding what you need in the labor pool you are currently drawing from, then it's time to change how you look or what you offer. In today's economy, smart employers must get the most value from the employees they have. The most cost effective way to do this is by hiring right, training adequately, and assist in developing critical skills. This generational disconnect is not new. It happens with every generation that enters the workforce. The opportunity hidden within this challenge is to take the differences that each generation brings and turn them into combined strengths.


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