April 2006

Dear Professor:

This newsletter summarizes article abstracts for case discussions for the following topics:

- Trader Joes: A grocery store for the well traveled, food connoisseur on a budget
- Using R.S.S. feeds to connect with the internet customer
- Using Wal-Mart to increase your sales
- Ikea breaks the Western mold in China with low prices
- Free hotel amenities can still produce revenue
- Disney leaves catalog sales behind for the future in internet
- The young professional: Where should they shop?
- One negative word of mouth equals several lost sales
- Chinese team up and push for group discounts to retailers’ dismay
- Japanese FamilyMart brings differentiation to U.S. convenience stores
- Urban Outfitters sells offensive clothing as a way of business, not a political statement
- Wal-Mart begins designing products, not just selling them

The articles in this and past newsletters are sorted by chapters in Retailing Management, fifth edition. If you are interested in the textbook please visit www.mhhe.com/levy04. Simple registration is required to gain access to the newsletters and other instructor materials.

If you would like to see this newsletter and the previous editions, go to http://www.cba.ufl.edu/mkt/crer/research/publications.asp
The Sixth Edition of *Retailing Management* has just been published. To receive a complimentary copy of the new edition, contact your McGraw-Hill Sales representative or visit The McGraw-Hill Companies site at [http://www.mhhe.com](http://www.mhhe.com).

We are very proud of this new edition and hope you will enjoy reading it. We have incorporated several new features:

• **More Extensive Treatment of New Technologies and Methods** are highlighted throughout the text, underscoring to students the importance of the use of the Internet for providing information and selling products and services to customers (Chapter 3); Application of geographic information system (GIS) technology for store location (Chapter 8); Internet applications for effective human resource management (Chapter 9); Integrated supply chain management systems, RFID, and CPFR (collaboration, planning, forecasting and replenishment) systems (Chapter 10); Analysis of customer databases to identify and tailor offering to best customer (Chapter 11); Reverse auctions for buying merchandise (Chapter 14); Use of profit optimization decision support systems for setting prices in different markets and taking markdowns (Chapter 15); Development of targeted promotions using customer databases (Chapter 16); Decision support systems for scheduling sales associates (Chapter 17); Creation of planograms to optimize the sales and profits from merchandise categories (Chapter 18); and Use of in-store kiosks, digital signage, and the Internet to improve customer service (Chapter 19).

• **Greater Emphasis on International Retailing** features material covering the cultural impacts on buying behavior (Chapter 4); keys to successful entry into international markets (Chapter 5); evaluation of international growth opportunities (Chapter 6); global sourcing of merchandise (Chapter 14); and employee management issues in international markets (Chapters 9 and 17).

• **Updated Material on Legal and Ethical Issues Confronting Retailers** includes diversity and the glass ceiling (Chapter 9); legal issues affecting purchasing and pricing merchandise (Chapter 14, 15); sexual harassment and discrimination in hiring and promotions (Chapter 16); and store design in light of the American with Disabilities Act (ADA) (Chapter 18).

• **Text Reorganization** features a number of the more complex chapters have been reorganized to facilitate the learning process of students; most of the text’s examples are new and/or updated; the book is about 75 pages shorter as a result of carefully editing; and there is a greater overall emphasis on the role of technologies—providing more global and service examples, and increasing the treatment of ethical and legal issues.
ABSTRACTS OF RECENT RETAIL ARTICLES

TRADER JOE’S: A GROCERY STORE FOR THE WELL TRAVELED, FOOD CONNOISSEUR ON A BUDGET

Use with chapters 5 “Retail Market Strategy,” and Chapter 14 “Buying Merchandise”


The first Trader Joe’s was opened in Pasadena, California by Joe Columbe to save his convenience store from extinction. He traded his stock of Twinkies for capers and other gourmet ingredients. Now, Trader Joe’s has 250 stores and can be found on both coasts. The stores are smaller than the typical 55,000 product grocery stores. Its 3,000 products are the stuff that food lovers dream about. Everyday a panel of tasters gather to taste new products that category leaders have discovered by traveling the world and adjusting the recipe to suit the additive free, all-natural standards of Trader Joes. Often times it will take years for one product to be approved, but even then if it doesn’t perform well it will be scrapped. As a result its items such as blueberry juice and Thai lime & chili peanuts will not be found on many other store shelves, if at all.

Trader Joe’s is not a one stop shop. Customers can not always find all the products they need or the same products every time. The bottom 10 percent of their products are continually changing to make way for new ones, but that is part of the charm. Trader Joe’s, while very affordable, doesn’t sell based on price because you can’t compare their products to other stores. Their shelves are stocked with 80 percent Trader Joe brand and each product traveled a long way to get there. The customers, who are well traveled and educated, enjoy the mystique and stories that surround the products.

The company president has catered to life in the 21st century. He knows his customers still enjoy cooking, but they just don’t have the time. Many products are designed for what he calls “speed scratch” cooking. Trader Joe’s stocks items such as cubed butter squash and marinated salmon filets. Close to 100 percent of their salad greens are sold as pre-washed and sorted, compared to the 70 percent industry average. Trader Joes has found success in providing interesting and healthy food at a reasonable cost.

Discussion Questions

How does Trader Joe’s sustain a competitive advantage?

Trader Joe’s is continually rotating unpopular products for new ones. The items it sells can not be found in other stores so they are not competing based on price, yet they set their prices low enough to be affordable for the budgeted shopper. All products in Trader Joes are additive free and all-natural, which makes it easy to shop for health conscious consumers who really enjoy food.

How is Trader Joe’s private label program different than most grocery stores?

Trader Joe’s shelves are stocked mostly with its own private brand. Most grocery stores stock popular national brands. Trader Joe’s private label develops food by sending people around the world to discover great food that they can then alter to meet the specifications of their brand. Oftentimes a food takes years before it is approved. If it does not sell well in the stores they will scrap the item, despite the effort put in to producing it. In traditional grocery stores they use their private brand to mimic existing products.
USING R.S.S FEEDS TO CONNECT WITH THE INTERNET CUSTOMER

Use with chapter 3 “Multichannel Retailing”


Many internet sites are ahead of the technology curve with R.S.S links. Customers can click on a link next to a product they want to track and it sets them up with feed on a their home page such as My Yahoo page. The feed then displays a message or graphic updating the customer with information relating to that product and their preferences. Only 5% of Internet users have and R.S.S feed installed and of those that do, many of them don’t even know they are using it.

Retail websites with thousands of continually changing products are discovering that the R.S.S feature is well suited to them. Typically there are too many products for a customer to browse through, but if they set up an R.S.S feed on one product they like, the site can send targeted updates and products related to their choice. Towerrecords.com is able to send newly released music samples of a particular genre to customers that request it. W. Atlee Burpee & Company has had the R.S.S. feature installed on its website since late 2004 and has said that while it only affects sales slightly, the cost to install and upkeep the feature is even smaller. Therefore, it has been a profitable idea.

Analysts believe that it is still too early to realize the potential of R.S.S feeds, but in the future it can be very lucrative for retailers as more consumers understand and use the technology.

Discussion Questions

What is R.S.S.?

R.S.S. is a feed from the site to a personal homepage that a customer sets up. Typically a link next to a product allows a customer to sign up for the service and the retailer can then send targeted information related to the preferences set by the customer.

How does it help retailers? Customers?

Retailers can target customers with products and offers that may interest the customers and generate sales. Customers can see products and offers they may have missed otherwise because they did not browse the entire site.

USING WAL-MART TO INCREASE YOUR SALES

Use with chapter 7 “Retail Locations” and Chapter 8 “Site Selection”


Typically, when Wal-Mart announces they are building a new stores, existing shops quiver in fear. They are afraid that their sales will be stolen and they will be forced to close up shop. However, for some, Wal-Mart's entrance into a market is a reason for celebration. Stores which find they have similar customers and provide similar products to Wal-Mart actually benefit from the increased flow of traffic. As a destination store, Wal-Mart gets over 150 customers a week. However, the key to success is not simply to be near a Wal-Mart, but to offer a more diverse variety and faster.

Sally’s Beauty sells beauty supplies, just like Wal-Mart, but it is a specialty store. Their much smaller store provides a greater selection and for those who just need beautification products, yet it is a quicker, more
convenient stop. Fred’s is also a discount store that has comparable prices to Wal-Mart. It offers something that Wal-Marts sheer size can not do. If offers a quick stop that allows its customers to conveniently purchase just the one or two items they need.

The takeaway for retailers is Wal-Mart is not all bad. You can use the largest retailer in the world and the traffic it draws. However, you must provide something it doesn’t have: a large specialty product selection, convenience or service.

Discussion Questions

Why would a retailer that sells products that Wal-Mart sells want to be located next to a Wal-Mart?

Retailers would want to be located next to a Wal-Mart because they can draw from the traffic that Wal-Mart gets. Wal-Mart will not steal their sales if the store can offer a better selection of products (Sally’s Beauty) or convenience (Freds) that Wal-Mart can’t offer.

IKEA BREAKS THE WESTERN MOLD IN CHINA WITH LOW PRICES

Use with chapter 5 “Retail Market Strategy,” chapter 14 “Buying Merchandise” and chapter 15 “Pricing”


The Chinese have the fastest growing economy with millions becoming part of the middle class with more disposable income each year. Yet, they continue to look for the best prices. Ikea in Beijing was constantly crowded, but few customers bought anything. Instead they were flocking to the store for the free air-conditioning and clean restrooms. Ian Duffy, who is in charge of all Ikea’s Chinese stores, addressed the problem unconventionally. Most foreign retailers increase prices up to 30 percent to create prestige and reflect import taxes. Duffy, however, slashed prices even lower. He introduced the $.12 ice cream cone.

In order to achieve his low price strategy he began producing nearly 50% of Ikea’s products in China versus 23 percent in other stores. Duffy was able to decreases costs enough and his prices are now nearly 70 percent less then other Ikea stores elsewhere in the world. On any given weekend day, 20,000 customers have passed through a single store. The very low prices are attracting Chinese and are even changing their habits. The prices are low enough that people are replacing furniture and housewares every couple years instead of once a decade. Repeat customers are great for business.

Until last year foreign businesses had to partner with a local business, but now Ikea can operate company owned stores. Ikea plans on opening two stores a year in China until at least 2010. These stores will all be company owned to keep costs down. Duffy is also opening a new manufacturing plant to make even more Chinese goods to sell at low prices. Ikea plans to keep prices low and to grab as much of the $15 billion do-it-yourself market that fits with Ikea’s image and products

Discussion Questions

What is Ikea doing to compete in the low price Chinese marketplace?

In order to compete in China’s low price marketplace, Ikea is keeping its costs very low and decreasing its prices. It is operating company owned stores and it manufacturers as many goods as possible in China. This prevents them from having to pay import taxes.
FREE HOTEL AMENITIES CAN STILL PRODUCE REVENUE

Use with Chapter 19 “Customer Service”


Hotel customers know about the in-room mini bar that charges $8 for a bottle of beer and $3.50 for a candy bar. Why then are hotels spending millions on their public spaces? Hotels are looking for more ways to make money. Free amenities and upgraded experiences allow hotels to charge a premium for their rooms. In addition, with a hotel full of guests, on site entertainment venues and restaurants have a ready customer base, if it’s good enough.

The Renaissance Arts Hotel in New Orleans invites an artist each month to display his or her artwork and pairs appropriate wines in a tasting. The Ritz Carlton in New York City employs a tea time harpist, and hotels around the globe are rethinking their restaurants. Once infamous for bland food and limited choices, hotel restaurants now feature celebrity chefs and 4-star cuisine. The Waldorf-Astoria just completed a $5.5 million renovation of its historic Peacock Alley restaurant.

Great hotels are able to entertain their guests well enough that they stay on the hotel premises spending their money. Maybe it’s the artwork in the lobby that causes them to linger or the pre-downloaded iPod with books on tape such as at the Algonquin Hotel in Manhattan, but hotels are turning previously unnoticed spaces into revenue producers.

Discussion Questions

Retailers and other service providers are learning that providing better value can translate into better profits. What are some tactics that retailers and service providers are using to increase value and profits?

By providing free amenities such as music, art displays and comfortable atmosphere, retailers and service providers are able to charge more money for their product offering. The more comfortable and invited a customer feels, the longer they will linger and the more money the customer may spend.

DISNEY LEAVES CATALOG SALES BEHIND FOR THE FUTURE IN INTERNET

Use with chapters 3 “Multichannel Retailing” and Chapter 16 “Retail Communications Mix”


The Walt Disney Company sells $21 billion globally through its consumer product division. It plans to refocus its efforts on their internet sales and will stop sending catalogs beginning in May, 2006. Currently, Disney spends $18 million on 30 million catalogs each year and yet the last holiday season the company saw a 45 percent drop in phone orders. Meanwhile, responses to e-mail campaigns and online messages have increased dramatically.

Disney’s decision to eliminate catalogs is nearly sacrilegious to many industry experts. Retail experts insist that multichannel retailers, retailers that utilize catalogs, websites and brick and mortar stores, have substantially larger profits and earn more customer loyalty then those that limit their channels. People still save catalogs to thumb through and ear mark pages to be purchased later on the web.
80% of Disney’s shopping sales originate online. Since 1999, the availability of high-speed internet connections has led customers to buy more online. More efficient search engines will allow Disney to connect with the right customers. Disney’s cost savings will be redirected to purchase search-engine advertisements and to develop a more comprehensive e-business marketing and advertising strategy. Some print material may still end up in mailboxes, but it will be with the sole purpose to drive online sales.

Discussion Questions

Disney is going against conventional wisdom and doing away with its catalog. What is the conventional wisdom with regard to multi-channel retailing?

The conventional wisdom is that combined retail channels such as catalog, websites and brick and mortar business will create higher revenues together than any one channel by itself.

Do you think Disney is doing the right thing?

Students will take different perspectives. On one hand, Disney is looking at an environment that has changed dramatically in the last few years. So, change may be in order. On the other hand, it is possible that catalogs, specifically for their products, have driven sales more than they think. For example, young kids who want a Winnie the Pooh teddy bear did not realize they wanted it until they saw it in the catalog.

THE YOUNG PROFESSIONAL: WHERE SHOULD THEY SHOP?

Use with chapter 5 “Retailing Strategy.”


Abercrombie and Fitch and American Eagle Outfitters have figured out the tween and teen market. Their clothes and accessories can be seen in middle and high schools around the country. But what about office buildings? The young professionals that once wore these brands have moved on and are floundering for a store to call their own. The 22 and up market has few dominant players and most people in this demographic feel that the clothes available to them are too young or too old.

Store appearance, fit and wearability of the clothing are important characteristics to the over 22 year old market. Since these potential customers have control of their disposable income, unlike the parents of tweens who pull the purse strings, stores are listening up. Abercrombie has introduced a new store concept to tap into this market. Its store Ruehl mimics a brownstone and its clothing style is influenced by Greenwich Village, NYC. So far it is reporting losses, but its operators are confident that the store will post a profit in 2007. American Eagle introduced Martin + Osa for men and women over 25. Neither of these brands have a large store base yet, but they all believe the demand is there for the concept.

Discussion Questions

Do you believe you will have a problem finding appropriate business attire that you really like when you graduate from college?

Yes, I will have problems finding appropriate business attire. I already am having trouble. If I want a business suit, typically designed for an older women, I have to deal with the fact that it does not fit the way I want or that I find comfortable. Another problem is price. The price of the clothing that I am able to purchase and in a style I like are often on the high end of the spectrum, such as Cache or Bebe. It is difficult to find business attire that fits a 20 something in a price range I can afford.
ONE NEGATIVE WORD OF MOUTH EQUALS SEVERAL LOST SALES

Use with chapter 19 “Customer Service,”

“Beware if Dissatisfied Consumers: They like to Blab,” www.knowledge@wharton, March, 2006.

Many retailers probably think that if they don’t hear from the customer, then they have done well. However, that is not the case. According to The Retail Customer Dissatisfaction Study 2006, only 6% of customers who had a problem with a store actually reported it to them. Instead 31% of these customers told their friends and family: 8% told one person, 8% spread the negative word to two people and 6% shared it with six or more people.

The negative word of mouth is a bit like the game of telephone. With each telling of the story, the problem becomes escalated. As a result, 48% of the respondents reported they have avoided a store due to someone else’s negative experience, while of the people who had the problem themselves only 33% would “probably not” return.

The reason most customers don’t report their grievances is because it is too difficult or they don’t feel it will do any good. Before customers even enter a store their aggravation level can already be elevated due to poor parking conditions. A New Jersey Mall hired parking attendants this past holiday season to help direct customer to open spots.

Another common practice among retailers that irritates customers is overloading shelves, which makes it difficult to find products. Sorting through endless racks cuts into a customer’s valuable time. A customer spreads the word to 2.5 people, on average, when they are unable to find an item as a result of too much other merchandise in the way. While males are more likely to vocalize their service problems to the store, that does not indicate that all other customers are satisfied. They just tell their friends instead.

Discussion Questions

Typically, what do people when they are dissatisfied with a retail experience?

Typically, customers tell their friends and family when they are dissatisfied with a service at a retailer instead of telling the retailer. They don’t tell the retailer because it is too difficult or they don’t believe it will make a difference anyway.

Why should retailers be concerned with negative word of mouth?

Negative word of mouth affects more then just the customer who experienced the problem. The more times the story is told, the worse the story becomes and the likely the people the story is told to will avoid the store in question.

CHINESE TEAM UP AND PUSH FOR GROUP DISCOUNTS TO RETAILERS’ DISMAY

Use with chapter 15 “Pricing”


In China it is expected that customers will haggle over the price of a consumer good, even in department
stores. Chinese consumers have found another way to save big money. People planning to make a purchase locate others looking to make the same purchase online at websites such as www.51tuangou.com. As a group they then demand a large discount. They are team buyers.

For example, one Saturday morning 18 people looking to buy a Chevrolet Aveo met for the first time at a showroom in Shanghai. After 6 hours the dealer agreed to a 9% discount on the sale of 18 Aveos. Some manufactures are not pleased with the practice of team buying. To ward it off, companies, such as Cartier, have a fixed price policy. Other companies have existing discounts on multiple unit purchases similar to BMW’s 2% discount on four-car orders. These companies intend the discount for companies placing the order, and not a group of individuals. To discourage team buying they are urging their employees not to succumb to the pressure if the sole reason the group is together is to secure a discount.

Ventures that networked customers and group discounts sprang up in the U.S. and Europe in the late 1990s’, but due to complicated transactions and the amount of time consumers needed to invest, they did not do well. However, in the past year the website www.51tuangou.com registered 380,000 Chinese. There are several other sites in cyberspace that are operating successfully doing the same thing. Team buying is growing in popularity in China as the country prospers, but people are still on a budget.

Discussion Questions

What are team buyers?

Team buyers are individuals who find each other for the purpose of negotiating a discount on an item that all people in the group want to buy. The pressure of a large group and face-to-face negotiations work in their favor. They find each other on the internet.

Would team buying work in the U.S.

Team buying would not work as well in the U.S. for a few reasons. First, Americans do not have the same mentality as the Chinese when it comes to price. A price tag in a store means that is what it costs and what is paid. If the customer does not like the price then they can comparison shop at many other stores that carry it. Similar to the sites that were not successful in the 90’s, there is a time investment that Americans are not willing to put it. If they want an item, they will find the best price as fast as they can and go purchase it. Also, the U.S. is a more developed country with more people that have disposable income so price may not mean as much to them as it does to the Chinese.

JAPANESE FAMILYMART BRINGS DIFFERENTIATION TO U.S. CONVENIENCE STORES

Use with chapter 2 “Types of Retailers,” and chapter 5 “Retailing Strategy,”


If you ever doubted that all American convenience stores can be about loyalty and interesting food choices, in addition to an ATM and cigarette stop, then Japan’s FamilyMart may prove you wrong. It opened its first stores in the Los Angeles area in an aggressive expansion to climb the ranks from the number three to number one convenience store chain in Japan. It has plans to have 250 in the U.S. by 2009.

FamilyMart has a warm and modern look with stainless steel counters, dark wood floors and colorful signs that explain the foreign items in the center aisles. The convenience store market has many contenders, from mom and pop shops to national chains, and they are all fighting to develop customer loyalty FamilyMart is
differentiating itself with ready food choices such as pickled apricot handrolls and steamed pork buns and high end convenience goods such as Seventh Generation toilet tissue, not Scott’s.

The Americans have embraced Japanese products and companies in the past, but FamilyMart is not taking anything for granted. They are carefully watching individual product sales in each store to uncover local preferences and they intend to keep most items consistently in stock so customers know where to find the item they want. Some customers will find that they leave the store with items they didn’t even know they wanted.

**Discussion Questions**

How are FamilyMart shops different than other convenience stores?

*FamilyMart is different because it is stocking Japanese food items and upscale convenience items. It has a more pleasant atmosphere with warmer colors and stainless steel counters.*

Do you believe a FamilyMart shop would be successful in your neighborhood? Why or Why not?

*I do not believe FamilyMart will be successful in my neighborhood because it is mostly apartments which indicate a lower income bracket and less money to spend. Price will be more important then the brand of toilet tissue.*

**URBAN OUTFITTERS SELLS OFFENSIVE CLOTHING AS A WAY OF BUSINESS, NOT A POLITICAL STATEMENT**

*Deborah Yao, “Urban Outfitters Stay Focused on Youth,” Forbes, February 17, 2006.*

Philadelphia-based Urban Outfitters began as an anti-establishment store for people under 30. Today it is still targeting youth, but with sales rising to $1.1 billion dollars for its three stores Urban Outfitters, Anthropologie and Free People, it is doing it at a much larger level. Urban Outfitters’ is successful with the youth market because they don’t chase the aging youth into the next segment, instead their customers are replaced with new young people.

Catering to the tastes of the younger portion of the U.S. population can sometimes ruffle the feathers of ethnic and religious groups. Urban Outfitters has sold t-shirts with phrases such as “New Mexico Cleaner then Old Mexico”. While some are offended, others find them funny, and that is just the reason Urban Outfitters sell them. Enough people find it funny that they sell and sell well. When questioned about the offensive nature of some of its products, Urban Outfitters says their job is to know what their customers want and will buy, not what non-customers will not.

**Discussion Questions**

Suppose you were a buyer for Urban Outfitters. Would you buy merchandise that you think some people might find offensive?

*This is a sample answer from a student. I don’t believe stores need to be acceptable to everyone. But I do believe that there is a very fine line between blatantly offensive or even racist and possibly offensive to some. Some people will find things offensive with many items, even t-shirts advertising bands that they believe have the wrong values. If something is deemed moderately offensive, but not racist, it is the customers’ right to boycott the store, not wear the shirt and ban them from schools, but a store should be allowed to sell them. If I were the buyer I would buy these shirts if I really believed that they would sell and the negative backlash would*
not hurt the store. Urban Outfitters is a store founded on an anti-anything sentiment, so I don’t believe that it will have that negative backlash.

WAL-MART BEGINS DESIGNING PRODUCTS, NOT JUST SELLING THEM

Use with chapter 14 “Buying Merchandise”


Wal-Mart has long been known to be the country’s largest food retailer and a dominant influence over its suppliers to keep its costs low and prices even lower. The Bentonville, AR based discount chain already has 14-18 percent of all food and beverage sales, but it wants to attract even more customers by selling the items they think customers want at a price they want.

Coke and PepsiCo, the two largest soda providers are continually at war with each other for bigger market share and better profits. Wal-Mart uses their competition to its benefit. The soda makers know that if they don’t cooperate with Wal-Mart, then their competitor will, and with customers the size of Wal-Mart, you don’t want to make them angry.

Wal-Mart shares extensive product sales data with its suppliers and together they analyze it to come up with product ideas. Wal-Mart decided it wanted more flavors of diet soda, and they wanted them made with Splenda. Splenda is Wal-Mart's preferred sweetener. Immediately, Pepsico started working on the request and introduced a line of sodas called Slice One. The soda comes in orange, berry and grape flavors, and it will only be available in Wal-Mart. If the sodas sell well, then they will be available at other locations. To save shelf space, Wal-Mart is pressuring laundry detergent makers to formulate a super condensed version that will take up less space.

The discount giant also makes requests over distribution from its suppliers. Wal-Mart has been pressuring Coca-Cola and its largest bottler, Coca-Cola Enterprises, to start delivering PowerAde directly to its distribution centers. Wal-Mart believes it can save money by transporting PowerAde to its own stores more efficiently than the bottlers can.

Discussion Questions

How is Wal-Mart collaborating with some of its vendor’s on merchandising decisions?

Wal-Mart is sharing its sales data with its suppliers to come up with new products that Wal-Mart wants and then the suppliers develop and distribute them to Wal-Mart. It also pressures its suppliers to change their distribution methods to save Wal-Mart money and ideally, if it is done more efficiently, to save the supplier money.

Do you believe this collaboration is good for consumers? Vendors? Wal-Mart? Justify your answer.

Wal-Mart does push for an ever increasing efficient business environment for both itself and its suppliers. As long as the suppliers work with Wal-Mart when it is in their best interest for the whole business, and not just for its business dealings with Wal-Mart, then collaboration can be good. For instance, they can uncover hidden consumer preferences using Wal-Mart’s data. It could be bad for smaller suppliers that don’t have the capability to please Wal-Mart, or for suppliers in which Wal-Mart is their major customer because that leaves Wal-Mart with too much leverage at the expense of the supplier. The ever low prices at Wal-Mart is good for the customer, but in a long-term, a company with this much power could eventually have an adverse affect on everyone.