April 2009

Dear Professor:

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

- Amazon.com’s Customer Experience
- Ecologically Friendly Depot
- Private Parties Online
- Wal-Mart’s Bet: “Win-Play-Show”
- 99-Cent Theory
- Recession Forces People to Be Nicer
- Conspicuous Consumption Is Over!
- Customer Service in the Recession
- Vendors and Retailers Conflict
- Zappos' Corporate Culture
- Future of Private Label
- The Paycheck Cycle

The articles in this and past newsletters are sorted by chapters in Retailing Management, sixth edition. If you are interested in the text book please visit www.mhhe.com/levy7e. 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/retailcenter/research/publications.asp
CLASS DISCUSSION TOPICS

Each day, the website, www.retailwire.com, posts three abstracts of articles with discussion questions, a poll of readers, and comments by industry experts. You just have to register to view the discussions. Some of the recent abstracts/discussions are:

The Container Store. In the retail industry, a 100 percent plus annual employee turnover is not uncommon. In these tough economic times, retailers are preoccupied with determining if they can get away with one less person on the floor, cutting back on training, and/or increasing the commission portion of the compensation. The Container Store has a different philosophy. It experiences just 10-to-15 percent annual turnover. How does the retailer achieve a number virtually unheard of in the industry?

It's 'Win, Play and Show. Wal-Mart is now focusing on building growth categories and taking market share. What do you think of Wal-Mart's 'Win, Play and Show' merchandising strategy?

Borrowing a page from Apple's playbook, Microsoft plans to open Microsoft-branded retail stores. What do you think of Microsoft's move into retailing? What would be the key to Microsoft's success in retail?

MATERIALS AVAILABLE ON THE INTERNET

CVS merchandising executive Mike Bloom, CVS discusses how the Beauty 360 concept store has evolved, by analyzing customer insights and working with upscale beauty product vendors. – Chapters 2, 5, 12
http://feedroom.businessweek.com/index.jsp?fr_story=b097203e104d26981300534ca930f5e884056de1

Developer discusses how to define a trade area – Chapters 7 or 8

Margin max – the inventory planning simulation for making markdown decisions – Chapter 15
http://maxmargin.profitlogic.com/maxprofit/

ADDITIONAL MATERIAL FOR TEACHING RETAIL CLASSES

We have developed a website to provide materials for retail class instructors. The site, part of the University of Florida Miller Center for Retailing Education and Research website, has:

- Nine syllabi from instructors
- Classroom exercises
- Team projects
- PowerPoint slides
- Copies of this newsletter and the previous issues
- List of retail links, cases, and videos

Go to: http://www.cba.ufl.edu/mkt/retailcenter/teachretail
We would appreciate any material you would be willing to share with other instructors. Please send your course syllabus, classroom exercises, projects, teaching types, etc. to: bart.weitz@cba.ufl.edu or mlevy@babson.edu
ABSTRACTS OF RECENT RETAIL ARTICLES

Amazon.com’s Customer Experience

*Use with Chapter 3, “Multichannel Retailing,” Chapter 19, “Customer Service”*

Heather Green, “How Amazon Aims to Keep You Clicking,” *BusinessWeek*, March 2, 2009;

If the only customers who ever interact with a customer service department are those who call in with a problem, a company with great customer service, like Amazon.com, may not be spreading its service experience far enough. Therefore, the online retailer is starting to concentrate on enhancing the overall customer experience.

Merchants can sell through Amazon’s Web site and handle all communications. However, if something goes wrong, the buyer blames Amazon. Amazon therefore started mandating that buyers and merchants communicate through its e-mail service so it could monitor any complaints. It also has moved quickly to eliminate any merchants with a greater than 1 percent complaint rate or that have cancelled too many orders as a result of out-of-stock situations.

The Fulfillment by Amazon initiative works to create a similar experience throughout the entire site, which means that Amazon handles the order, shipping, and communication with the buyer; the merchant just sends the product to Amazon. Although merchants pay Amazon a fee for handling the orders, Amazon’s profits are not the main reason for this initiative. It offers this service to guarantee the customer experience. Merchants like the service because they do not need their own customer service representatives, and Amazon.com can negotiate much better shipping rates. Thus, return rates are down 70 percent, while sales are up 40 percent.

On products that are very popular and likely to be out of stock, Amazon even sends it own trucks on “Milk Runs” to pick up the merchandise, rather than waiting for the suppliers to deliver.

Jeff Bezos, the CEO of Amazon, knows that many customers want instant gratification, so the online retailer soon will expand its Amazon Prime service, which allows customers to pay $79 per year to receive free two-day shipping on all in-stock orders. Amazon hopes all the products on its site can be available in two days, regardless of where the product originates.

Discussion Questions:

**How does Amazon keep its customers clicking?**

*Amazon is controlling the customer experience to prevent problems and variable interactions on the site. Its Fulfillment program helps serve the customer faster, for a better price, and more accurately. The Amazon Prime program gives customers instant gratification, without paying high shipping charges.*

Ecologically Friendly Depot

*Use with Chapter 5, “Retail Market Strategy”*

New York City is home to the first ecologically friendly home construction store, Green Depot. It began as a wholesale showroom for contractors, called BUILD, but was frequented by so many retail consumers that it became the consumer concept LIVE.

The 3,500-square-foot store consists of five categories: air quality (no harmful emissions), conservation (recycled content, renewable materials), local sources, energy efficiency, and responsibility (companies with extraordinary environmental records). Products range from insulation to kitchen cabinets to baby cribs to cleaning supplies to flooring. The store also offers both reasonably priced and high-end items, including a $650 Aquaovo Ovopur water filter.

The large baby section provides cribs, organic cotton mattress pads, and teddy bears made of 100 percent Soysilk fiber. Consumers with children may be the first to consider the safety of their homes from an environmental perspective, so they have become as important as contractors as consumers of building materials.

The ZeroVOC (volatile organic compound) Paint Bar performs digital color matching. In a light booth, customers can view color options and materials in different lighting conditions. The Cleaning Station refills plastic and glass containers with private-label liquid dishwashing soap, glass and window cleanser, and tub and tile cleanser, each for seven cents per ounce.

Green Depot also focuses on the customer experience by educating consumers about how to save money on energy while contributing less carbon to the environment. The interactive atmosphere makes the store seem like a museum of natural history.

Living a sustainable lifestyle is not just for Bono or Leonardo DiCaprio, or even just wealthy TriBeCa inhabitants. Biodegradable trash bags and packing peanuts and Solio Hybrid 1000 solar phone chargers are all convenient, accessible solutions for becoming more ecofriendly.

**Discussion Questions:**

**What do you think of the growth potential for green stores? What will be the key factors to their success?**

*There is growth potential for green stores, because previously, green products have been positioned mostly for high-end markets. The growing trend is for everyone to lead an environmentally sustainable lifestyle, so having accessible products for the mainstream customers should be successful. The most important success factor is the educational service. Many people do not know much about the subject, but once they learn more, they likely will want to participate in owning green products.*

**Private Parties Online**

*Use with Chapter 3, “Multichannel Retailing,” Chapter 5, “Retail Market Strategy”*

**Fiona Soltes, “Exclusive Site Offer Fashion Deals to Those ‘In the Know’,” Stores, March 2009.**

Fashion-forward shoppers love to spend money on luxuries and jump at the chance to snatch up Elie Tahari, Alexander McQueen, and Manolo Blahnik items at a discount. Yet a Unity Marketing survey shows that affluent consumers with an average income of $200,000 are spending 6 percent less on luxuries—even the wealthy consumer segment is cutting back.*
A few online sites, such as Gilt.com, Ideeli.com, and RueLaLa.com, offer designer merchandise at deep discounts. The 20–25 sales per week each features a specific designer and lasts a maximum of 36 hours—or until the merchandise sells out. But the sites are available only to those invited by another member of the private sale.

Most members are women in their late 20s to early 50s who like designer brands. Loyal customers appear almost addicted to the sites, which constantly offer changing arrays of designer merchandise for just short periods of time. Thus, customers must keep browsing the site, even if just to find out what is coming up next. The sites already have acquired hundreds of thousands of members.

The urgency to buy increases with popular designers, many of which sell out in as little as 45 minutes. As soon as items sell out, they are marked as such, which signals to customers that they need to buy faster next time.

Designers appear excited to work with these online invitation-only sites, because they can sell a lot of inventory in a short period of time—inventory that normally would be left over and impossible to sell to department stores. However, they demand limited accessibility and an invitation-only environment, which enhances the prestige and the sense that the sites are private communities. The sites also will not show up in search engine results.

Discussion Questions:

Explain the marketing strategy for Internet sites such as Gilt.com and Rue La La?

These invitation-only sites offer luxury brands at discounted prices. Customers feel like they are part of a private community and sense an urgency in purchasing items that they like, because the duration of the sale is very short.

Wal-Mart’s Bet: “Win-Play-Show”

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


The world’s largest retailer is undergoing some serious changes.

Wal-Mart is redesigning its Great Value private-label line and redefining its assortment to do more than just push as many low-priced products as it can onto the shelf.

The company’s new campaign is called “Save Money, Live Better.” It is testing 5,500 private-label products against national brands to achieve comparable taste, texture, and quality. Private-label sales currently constitute 17.6 percent of Wal-Mart’s total sales, and that level could increase to 40 percent in the next three years.

In response to criticisms that Wal-Mart lacks the variety, organization, and fresh look offered by Target, it is comparing the stores in every category and editing its assortment carefully. The resulting 10–50 percent reduction in stockkeeping units has helped Wal-Mart increase sales. Most customers come to the stores approximately 46 times per year, so keeping a fresh, new look is a constant and important process.

On shelves, Wal-Mart is adopting a new organization called “Win, Play, and Show.” The retailer formerly maintained growth by operating in declining categories, but now it hopes to position itself in growing categories as well, which offer more potential.
A “win” category is growing twice as fast as others and has the most potential, such as pet products. A “play” category is not growing as fast, but the business is stable. Examples include pet food and denim. However, Wal-Mart likely cannot be viewed as a destination store for denim, so it will invest more in pet food, which does represent a destination product people buy with their groceries and other general merchandise. Finally, a “show” category is in decline but must remain in the store for Wal-Mart to continue offering one-stop shopping to customers. These products are never really featured; they are just there to ensure convenience for the customer.

Discussion Questions:

What is Wal-Mart’s “Win-Play-Show” category management strategy?

Wal-Mart is managing its assortment according to the amount of growth potential. A “win” category is the fastest growing category, and the retailer should invest a lot of resources in it. A “play” category is one that is growing but more slowly or is stable, especially products for which customers consider Wal-Mart a destination. A “show” category is one that is in decline, so the assortment is minimal and maintained only to provide one-stop convenience to the customer.

99-Cent Theory

Use with Chapter 15, “Retail Pricing.”


The 99-cent pricing method, first introduced in 1879, was designed to require store clerks to open the drawer to give customers change and thus prevent stealing. Yet even when employee theft is less of a problem, most companies still use 99-cent methods. Why?

A “9” in the very last position of a price tends to make consumers believe, sometimes unconsciously, they are getting a better deal—saving the penny when they could have paid the full, rounded amount. Customers also view 99-cent endings as signals of low prices. According to one study, when the price of margarine decreased from 89 cents to 71 cents at a local grocery store, sales rose 65%, but when the price dropped to 69 cents, just a 3-cent difference, sales rose 222%.

On its iTunes site, Apple has been using the 99-cent rule for each song in its library. But the company recently has decided to adopt a new pricing strategy: 69 cents for less popular songs, $1.29 for current hits, and 99 cents for average songs. Note that all of the prices end with a 9.

The 99-cent rule persists as a successful way for retailers to encourage customers to spend at their stores. Prices with a 99 ending, or even just a 9 ending, suggest a better value than a very similar price on which the ending gets rounded up or even down.

Discussion Questions:

Why do retailers use odd prices ending in a “9”?

Consumers perceive odd prices ending in a 9 as a better value and deal than if the price ended in a 0.

What does an odd-price signify to you?
The price seems less when the price of an item ends in 9. Also, sometimes I just look at the first number, so if something is $2.99, I think of it as $2 instead of $3.

Recession Forces People to Be Nicer

Use with Chapter 19, “Customer Service”


One simply does not dare walk into a Chanel or Valentino boutique without real intentions to make a purchase and being dressed to the nines. It is not uncommon to be treated poorly or ignored by salespeople in expensive stores who do not think you are a serious customer.

Salespeople judge customers based on what they are wearing or the bag they are carrying. One Yves Saint-Laurent employee admitted that he looks at each customer’s shoes and watch and makes his judgments accordingly. Yet as luxury retailers are being hit hard in the recession, salespeople are starting to be nice to everyone and exchanging elitist, rude behavior for more helpful and hospitable approaches.

At Emanuel Ungaro, a salesperson offered to alter a coat that was on sale for 60 percent off, even though normally, sale merchandise is exempt of any further services. In the Ralph Lauren store, all of the employees offered assistance, as well as warm greetings. At Prada, the salesperson was nice even after the customer decided to “think about” the purchase. John Lobb employees got down on their knees to put shoes on a customer’s feet. Some boutiques offer still or sparkling water with lemons or limes to all customers.

All of these gestures result from tightening consumer wallets. Friendliness has not been part of the luxury retailing strategy for many years, but that attitude needs to change to make more people comfortable when visiting these stores. Some stores, such as Gucci, still seemed to be practicing snooty behavior though, with salespeople nowhere to be found when the customer goes to try on clothes.

Discussion Questions:

Why are salespeople practicing friendlier and more hospitable behavior?

The luxury retailing sector has been hit hard, and salespeople who work on commissions are realizing that they can get more with candy than with coal, so they are offering assistance to everyone and making them feel comfortable in an environment in which clothes and shoes can cost the equivalent of a down payment on a car.

Conspicuous Consumption Is Over!

Use with Chapter 4, “Customer Buying Behavior,” and Chapter 5, “Retail Market Strategy”


Prior to last year, consumers spent money on things they wanted, not just the stuff they needed. But as consumers start thinking through their purchases more carefully in the face of an economic recession, they are falling into three main groups.
The first group is in financial danger because the recession has directly affected them. These consumers have lost their jobs, or perhaps they are GM retirees whose benefits are being cut. They are not necessarily the poorest members of society; the group also includes hedge fund managers who had been making seven figures and now have to find a way to maintain their lifestyle without any income.

The second group may not have been affected directly, but its members know a lot of people around them who have been. They are unsure how much disposable income they really have, but they know they have thousands in credit card debt. They realize they should stop spending so much, for fear that they may lose their income and their ability to pay down their debt.

Finally, wealthy Americans make up the third group. They may still have a lot of money stored away, but they are not showing it. Especially if they have laid off workers in their job context, they see no reason to go out and spend their money on luxuries.

The groups face different situations, but they are all exhibiting similar attitudes toward spending and reevaluating their behaviors. Whether they have too much debt, their cars are too big, or their eyes are too big for their stomach, they have concluded that they will be going on a “diet.” Consumers even seem to be avoiding malls to prevent any temptation; if they do shop, they talk themselves out of actually making purchases.

In turn, retailers are also forced to “diet” and reduce their retail space, which means growing more selective about the merchandise they stock. This efficiency may help improve their inventory turnover too.

Discussion Questions:

What are the prevalent shopping characteristics that mark consumers today? Consumers are reevaluating their spending and purchasing only those things that they need. Whether they are jobless, know someone that lost a job, or even still have plenty of money, people recognize the pain of a recession and are reducing their consumption.

How are retailers reacting to their customers?

Retailers are trimming their operations, in terms of both the amount of space used to sell merchandise and the merchandise assortment they offer. These steps may help improve inventory turnover and the efficiency of their operations.

Customer Service in the Recession

Use with Chapter 19, “Customer Service”


There is a right way and a wrong way to cut costs. The wrong way means cutting customer service delivery, which will not make customers happy. The right way cuts costs without customers ever knowing it.

When a call center eliminated 4 of its 36 employees, it went from no customers on hold to an astounding 80 customers on hold for up to 4 minutes. In this environment, strong brands that
maintain customer service keep improving, but weak brands whose customer service scores also suffer declining performance.

To cut costs, Hertz Rental Car eliminated 4,000 jobs, including many of the staff positions that previously checked in returning cars using handheld devices. When customers have to schlep their baggage to the counter to return cars, due to the drastic reductions in “instant return” staffing and hours, they are likely to find a more convenient option that gets them to their flights on time.

In contrast, smart companies are reallocating expenditures to service customers better, away from areas that customers likely do not notice. The Ritz-Carlton does laundry at night to save electricity and uses potted plants instead of fresh flowers. The Four Seasons buys goods and services such as coffee, valet parking agreements, and overnight cleaning contracts for the entire chain and thus achieves economies of scale. When BMW added Wi-Fi service throughout its dealerships, it expended some resources, but it also enabled customers to be productive while they waited for their cars to be serviced. In turn, fewer customers now request free loaner cars, creating massive cost savings for the company.

Finally, Zappos.com has tried to improve service for its best customers and cut back-office expenses rather than front-line service providers. In the past, Zappos upgraded customers to overnight shipping for free, but it will not offer this service to first-time buyers anymore, though it continues to guarantee overnight shipping to loyal customers. Similarly, it provides special services to loyal customers that do not cost a lot of money, including early access to sales and new merchandise.

**Discussion Questions:**

**As the economy worsens, how are retailers adjusting their customer service offering, both positively and negatively?**

*Smart retailers are improving customer service for their best customers and trimming services for less loyal or new customers. For example, Zappos offers guaranteed overnight shipping to loyal customers but not to new customers.*

*Less savvy retailers are cutting their front-line employees, which minimizes customer service, which in turn affects the customer negatively. Hertz Rental Car Company reduced its instant return hours, which means that customers must expend their own time and effort to return their car.*

**Vendors and Retailers Conflict**

*Use with Chapter 14, “Buying Merchandise,” and Chapter 15, “Retail Pricing.”*


The economic environment is making it difficult for consumers who must trade down to lower-priced products, especially in grocery stores. Noting their dilemma, Brussels-based Delhaize SA, which operates the Food Lion grocery chain, has decided to remove products from its shelves when it considers them priced unfairly.

When Delhaize SA could not negotiate better terms or prices with Unilever, it chose to remove approximately 300 products from stores, including Dove soap and Axe deodorant. Delhaize typically maintains approximately 500 Unilever products in its 775 stores in Belgium, and the reduction does not help Unilever.
Although Unilever announced high fourth-quarter profits, those numbers reflected 9 percent price increases that it has imposed. The company insists that retailers buy its entire product assortment, or it will increase prices by 30 percent. This bullish behavior seems inappropriate in the modern economic climate, when margins are tight and consumers are struggling.

If retailers and suppliers cannot reach a fair agreement about assortments and prices, they cannot provide what customers want, which may mean consumers ultimately pay higher prices. Short-term sales increases based only on higher prices will force customers to patronize other retailers, which could be mean losing a customer in the long term.

Wal-Mart is working hard to make its private-label brand, Great Value, better than national brands so it can undercut them on both price and quality. National brands that do not lower their prices will only make the private-label industry, in which Kroger already earns 27 percent of its sales from private-labels, that much stronger.

**Discussion Questions:**

What are some retailers doing to lower prices?

Retailers are lowering prices by negotiating better prices with their vendors. If vendors refuse to adjust their terms, retailers could be forced to sever the vendor relationship until the market improves.

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**Zappos' Corporate Culture**

*Use with Chapter 9, “Human Resource Management”*

**Ellen Davis, “Building a Brand that Matters, One Employee at a Time: The Zappos Story,” Shop.org, February 3, 2009.**

The extraordinary online retailer Zappos.com operates very differently than other companies, and it attributes its success to this unconventional corporate culture.

In 2008, the company grew 20 percent and held 900,000 unique products, which it could ship from its warehouse within four hours of an order.

Zappos’ employees are completely devoted to the company. They must be more than just good at what they do; they have to believe in the company’s mission. Zappos offers $2000 to employees if they would rather leave than stay.

During the five-week training program, new employees spend some time working in the call center, which provides the fastest route to learning about customers. Employees who act “above” such basic interactions with customers are eliminated from employment contention immediately. Those who get hired understand that everyone works for the customers, so everyone must feel like part of the customer service delivery process.

Employee evaluations reflect both their actual performance and their commitment to the company’s corporate culture, as summarized in paragraphs the employees write about what they think defines the corporate culture. The resulting culture book gets printed for distribution to the whole company once a year.
The Zappos philosophy also includes complete transparency, so employees are encouraged to
tweet on Twitter while at the office and keep their Facebook pages up to date. By developing a
strong corporate culture, the company also develops employees who are happy to go to work and
excited to help customers. This culture fosters a sincerity that could never be trained and makes
people more likely to do the right thing.

Discussion Questions:

What is Zappos’ organizational culture?

Zappos’ culture consists of employees who are committed to the company’s mission and
customer service. Its unconventional attitude brings the best out of everyone.

How is it implemented?

Zappos offers $2000 to employees who would rather leave the company. It lets all employees
contribute to the culture book, which enables them to create the environment that they want.
Employees are also encouraged to network and be transparent.

Future of Private Label

Use with Chapter 14, “Buying Merchandise”


Consumer packaged goods, such as detergent, paper towels, shampoo, and diapers, are among
the first categories in which consumers switch to cheaper private-label versions. Kimberly-Clark
and Proctor & Gamble thus are struggling to convince consumers that their products are still
better than the private-label alternatives.

Private-label brands grew 0.1 points in the first quarter of 2008, and then 1.3 points in the fourth
quarter among households that earn more than $100,000 annually. Across all consumer
segments, private-label product volume is 22 percent of goods sold in retail channels and 17
percent of sales dollars. As soon as prices increase, consumers run to buy private-label options,
which demonstrates their lack of loyalty to national brand products.

Proctor & Gamble and Kimberly-Clark attempt to communicate the value of their products by
focusing on other than promotional aspects. However, in this economic climate, it has been hard,
and they are forced to discount.

Walmart profits from the discounting of national brands but also is looking to ramp up its own
private label, Great Value bargain brand. In the United Kingdom and Canada, which are ahead of
the United States in their private-label quality and sales volume, these purchases are part of the
culture. With a push from Walmart to focus on private-label products, the pressure on the rest of
the industry increases.

Retailers hope to refine their assortments by stocking only products that sell well and eliminating
the third or fourth ranked products from the shelf. Thus, they can maximize the revenue of their
shelf space. A recent test showed that by exhibiting Old El Paso branded taco shells with store-
brand cheese, vegetables, and meat, the retailer increased sales of all the products. That is,
combining successful national brands with store brands increases sales.

Kraft’s joint programs with Meijer supermarkets put lunch meats and cheese by Kraft on a display
with store-branded bread. Such cross-selling benefits manufacturers and the retailer and takes
the focus off of a simple price comparison across cheeses on the shelf. A customer also can feel good about buy a mixed brand assortment.

**Discussion Questions:**

What is the future of private label merchandise in a recessionary period?

Private-label products have become much more popular, with the lure of the lower prices and no need to trade off value. Retailers and manufacturers are partnering to sell their products in solution-based merchandising stations. For example, when making tacos, the customer can buy the store-brand cheese but national brand taco shells.

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**The Paycheck Cycle**

*Use with Chapter 16, “Retail Communication Mix”*


One way that retailers are selling products with better value is through private-label brands. However, national branded manufacturers also are grabbing more value by promoting the right product size and prices at the right time of the month.

According to the so-called Paycheck Cycle, consumers spend more when they have more money, but as the money runs out, they spend less. Therefore, when a customer receives his or her salary, he or she buys larger multipacks at higher prices. At the end of the month, or the end of the Paycheck Cycle, the same products sell in smaller quantities for lower prices. The same is true for Social Security checks, which prompt senior citizens to buy certain products.

Frito-Lay, Heinz, and ConAgra have all considered the Paycheck Cycle for determining their promotion and merchandising cycles. Doing so can prevent against too much discounting and increase value, because the inventory provided to the retailers is consistent with sales patterns and more predictable.

Manufacturers continue to struggle with the rising costs of commodity ingredients, which increase the prices of basic products such as milk. To disguise such price increases, many manufacturers try changing the product packaging or decreasing the content contained in the same sized container. By considering the Paycheck Cycle in its decisions, a manufacturer also predicts consumers’ needs, knowing when they will want larger packages and when they might need to opt for the smaller packages.

**Discussion Questions:**

How is retailers’ knowledge of the “paycheck cycle” influencing the way they promote and price merchandise?

The Paycheck Cycle suggests that consumers spend more money when their salary checks come in at the beginning of the month but less as the money runs out. Manufacturers and retailers are designing multipacks to capture greater revenues from consumers at the beginning of the paycheck cycle. At the end of the cycle, they are offering smaller, lower priced packages, because consumers’ wallets are slimmer.