Dear Professor:

This newsletter provides teaching tips and summarizes article abstracts for case discussions for the following topics:

- **Decentralization at Macy’s** (Chapter 9)
- **Getting Shoppers to Shop** (Chapter 16)
- **Harrah’s Loyalty Program** (Chapter 11)
- **Luxury Brands Use Social Media** (Chapter 16)
- **Retailers Make Small Advances in the World of Carbon Footprinting** (Chapter 5)
- **Seeing Store Shelves through Senior Eyes** (Chapter 14, 18)
- **Small Business HR Practices to Improve Customer Service** (Chapter 9, 19)
- **Teen Stores Cater to the Ones with Money** (Chapter 4, 5)
- **Urban Outfitters Moves to Vendor Scorecards** (Chapter 14)
- **JCPenney Tests Scannable Mobile Coupons** (Chapter 15)

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Teaching Tips

Successful Independent Retailer

Robert Spector, the author of *The Mom & Pop Store: How the Unsung Heroes of the American Economy are Surviving and Thriving*, talked about what it takes to operate a successful independent store in today’s environment. In a world dominated by chains, he identified some key characteristics of independent retailers, and highlighted independents that are uniquely successful.

Key characteristics of successful independents:

- Owner-founder needs to think like an independent.
- Have a singular entrepreneurial vision that is hard to replicate.
- Must be passionate about the business.
- Must be persistent.
- Work hard and do whatever it takes to succeed.
- Must be willing to adapt to change.
- Connect to the community.

Here are some links to independents that Mr. Spector particularly likes:
- **Octavia Books**, New Orleans
- **Hotwire Online Coffee House**, Seattle
- **New London Pharmacy**, New York City
- **Murray’s Cheese Shop**, New York City
- **The Great British Pine Mine**, Kensington, MD
- **Furst Florist**, Dayton
- **Wassler Meat Market**, Cincinnati
- **The Soda Pop Stop**, Los Angeles
- **Weiss House Furniture**, Pittsburgh
- **Los Pinarenes Fruteria**, Florida
- **The Four Way Restaurant**, Memphis
- **AA Jewel Box**, Tustin, CA

Illustration of Retailer using Twitter

Best Buy uses Twitter to reach out to customers and offer customer service. The company structured its entire holiday ad campaign by introducing the “Twelpforce” Twitter account. If a customer needs to ask a question about a past or future purchase, 2,500 Best Buy employees provide the answers using Twitter.

Commercials depicting a customer standing in a stadium full of “blue shirt” employees providing advice for the prospective buyer are at: http://www.youtube.com/view_play_list?p=386A76A22B636D83&search_query=twelpforce

10 Retailers Gaining Strength from the Recession

*Business Week, October 5, 2009*

The recession of the past two years has devastated the retail industry, as overspent consumers have put away their credit cards and started paying off years of debt, and put the kibosh on shopping. A slide show of ten retailers doing well during the recession is at:

[Slide Show: 10 Retailers Gaining Strength From the Recession.]

The ten retailers are:

**Aaron's.** (Revenue increase since 2007: 21 percent.) This rent-to-own furniture chain has been aggressively expanding and buying up competitors, aided by an economy that favors its business model. Its inexpensive products are recession friendly, and for consumers or small businesses unable to get loans to help finance big-ticket purchases, renting is an attractive option.

**Aeropostale.** (Revenue increase: 28 percent.) Here's something uncommon in the clothing industry: double-digit sales gains and an optimistic outlook. While pricier competitors like Abercrombie & Fitch and American Eagle have struggled, Aeropostale's unpretentious gear has found new cachet with teenagers trying to look cool on a budget (as well as their parents). A new sub-brand aimed at grade-schoolers, PS From Aero, has also caught on.

**Amazon.** (Revenue increase: 38 percent.) This premier online retailer is gaining from the pain at the mall. While overall retail spending has fallen, online sales have kept growing, as thrifty consumers search for the lowest price on the Web and even try to save gas money by shopping from home. In its quest to become an online megastore, Amazon has expanded way beyond books and music and acquired other online retailers. The competition is tough, but by most measures Amazon is poised to become the Wal-Mart of the Web (even more, perhaps, than walmart.com).

**Buckle.** (Revenue increase: 38 percent.) This clothing company has a strong portfolio of 75 brands, including hot names like Guess, Lucky, Billabong, Hurley, and Converse, which help pull in premium prices even in a subprime economy. For bargain hunters, Buckle also sells cheaper private-label clothing under brands like BKE and Buckle. And most of the company's items are casual denim, popular in good times and bad.

**Dollar Tree.** (Revenue increase: 16 percent.) A share of stock in this discount chain might make a much better present than a gift certificate to the store: The share price has risen an astounding 108 percent since the recession began. A poor economy is obviously a boon for stores that sell really cheap stuff, and most “dollar” stores have been thriving.
Dollar Tree, with more than 3,400 stores, isn't the biggest discount variety chain, but it has tried to offset its bargain-basement image with an upbeat ambience and frozen foods in some locations. Even if the economy recovers, analysts figure that the coming surge in baby-boomer retirements, with many living on fixed incomes, will mean a rich future for Dollar Tree. The company has been buying other chains and opening new outlets in a push to reach 5,000 stores within a few years.

GameStop. (Revenue increase: 26 percent.) Sales have drifted down, but that's partly because of a dearth of hit games or breakthrough consoles. GameStop executives expect better results in coming months, and the video-game business overall is expected to be robust over the next few years. With more than 6,200 stores, two successful websites, and a gaming magazine with 3.6 million subscribers, GameStop is the biggest video-game retailer in North America; even with lower sales, its profit margin and market share have been improving. In this economy, most companies would kill to have a growing share of a growing market.

O'Reilly Automotive. (Revenue increase: 84 percent.) Despite the summer rush to trade in clunkers, car sales are still down about 40 percent from peak levels of two years ago. And all those owners holding on to aging cars need more parts and service than ever. O'Reilly sells fan belts, alternators, headlights, and other components to two sets of customers: professional installers and at-home tinkerers who work on their own cars. The balance positions O'Reilly to benefit from a turbulent market in which thousands of Chrysler and General Motors dealers are shutting down and dispersing their maintenance business.

Priceline. (Revenue increase: 46 percent.) Travel is down, but with consumers more determined than ever to save money on flights and hotels, this discount-travel website has enjoyed sharp increases in business and profitability. Priceline has two main businesses, and both cater to travelers on a tight budget. Traditional travel packages highlight discounts and deals, while Priceline's "Name Your Own Price" program lets suppliers peddle unsold flights and hotel rooms at unpublished low-ball prices. There's no shortage of online travel competitors, but aggressive plans to expand in Europe and Asia could keep Priceline's numbers growing, whether the economy's good or bad.

Staples. (Revenue increase: 26 percent.) Just about every company can get by with fewer paper clips, which makes it tough to sell office supplies when companies are slashing costs. Profits are down, but the world's biggest office-products company has been growing by adding new stores and expanding popular services like printing and copying. The 2008 acquisition of Corporate Express helps expand Staples' presence in Europe and Canada. Staples also have one of the busiest websites in the world, which helps offset weak retail sales.

Ulta Salon, Cosmetics & Fragrance. (Revenue increase: 25 percent.) Each of this beauty chain's 333 superstores contains a boutique like salon, so customers can justify a bit of pampering after bargain hunting (or vice versa). A huge product line includes bargain brands, designer offerings, and Ulta's own lineup, giving Ulta outlets far more selection than a drugstore and discount prices lower than department stores. Sales and profits are both up from last year, thanks to stable business at existing stores and several new locations. Even in a recession, it turns out, it's important to look and smell good.
Pathways to Retail Success Webinar

On January 21st, Debbie Harvey, President and COO of Ron Jon Surf Shop, will share her knowledge and answer questions about the challenges, opportunities and keys to being a success in a retail career. This webinar will be the second in a monthly series sponsored by Miller Center for Retailing Education and Research and the Florida Retail Federation to give college students an opportunity to interact with and learn from C-level retail executives.

Have your students Register today for this free Webinar at www.bit.ly/Pathways02! For more information about Ms. Harvey and the webinar series go to http://www.frf.org/am/RLN/12110.htm
Decentralization at Macy’s

Use with Chapter 9, “Human Resource Management”

“Macy’s Trying a Local Approach: Stores Tailor Stock to Individual Markets “ Tim Feran, Columbus Dispatch, September 2009

The new My Macy’s program is a national effort to localize assortment and tailor stores to meet the needs of local markets. Stores in a college town like Columbus, Ohio, for example, will carry more denim and national brands. Assortment will also be tailored to fit the climate, so stores in northern climates will have cold-weather assortments earlier than southern stores. District planners will have input regarding decisions about what merchandise is available in their areas. This program is being launched initially in 20 markets, including Columbus, Cleveland and Cincinnati, with the goal of increasing sales, developing better relationships with consumers, and increasing customer loyalty.

Prior to the implementation of the My Macy’s program, merchandise was bought centrally, and most merchandise was identical in stores throughout the chain. During the course of Macy’s merger with two Midwest department store chains and the subsequent consolidation process, the retailer lost touch with its customers and experienced a decline in sales. Despite the fact that many retailers are currently product centric, Macy’s chose to move toward a more customer-centric approach and to bring decision making to a local level through decentralization. Macy’s is also utilizing a centralized structure in other business areas, including moving streamlined buying, planning and marketing teams to Macy’s New York offices. Centralizing these functions has strengthened relationships and buying power with many vendors.

My Macy’s program test districts have outperformed other stores by 2.6 percent. Eight test districts are among the company’s top ten performing districts in the first half of the year. Overall, Macy’s has seen a boost in profits.

Discussion Questions:

Is Macy’s taking a more centralized or decentralized approach to merchandising?

Macy’s is taking a more decentralized approach to merchandising, although it is centralizing other functions, such as marketing, planning, and buying.

Assess this new strategy.

<table>
<thead>
<tr>
<th>Advantages of My Macy’s</th>
<th>Disadvantages</th>
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<tbody>
<tr>
<td>Increases sales by catering to local tastes</td>
<td>Reduces inventory turns because number of SKUs increases</td>
</tr>
<tr>
<td>Empowers district planners</td>
<td>Customers that shop in multiple markets may not be able to find the merchandise they are expecting.</td>
</tr>
<tr>
<td>Increases customer loyalty</td>
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John Greiss/WoN
Getting Shoppers to Shop

Use with Chapter 16, “Retail Communication Strategy”

“Retailers Try To Get Personal with Shoppers” Booth Moore, latimes.com, September 2009

In an effort to bring customers into stores in the midst of a recession and despite the lure of Web-based shopping, retailers are shifting from being brand- and product-centric to being market- and consumer-centric. The result is a growing movement to offer entertainment and education as part of the in-store shopping experience, as well as introduction of unique assortments designed to stimulate interest and open wallets.

The shift is occurring in stores at every price point. Bloomingdale’s fall promotion included short films shown in stores, free movie tickets, cinematic window displays, and tie-ins with movie studios. Other high-end stores are offering merchandise priced less than their usual collections. In November, H&M began carrying shoes and clothing by Jimmy Choo designer Tamara Mellon alongside its more moderately priced merchandise. “Bridge” lines, which provide fashion at a lower price, are also becoming more defined. Localization of collections, like the My Macy’s program, focus on the needs of specific markets rather than the traditional “one size fits all” approach. On the education front, stores are gravitating toward displays with more product explanations and using signage and colors to attract attention. Catalog copy explains the price-value equation, emphasizing the time and artistry involved in high-end clothing.

Experts say that mobile communication, however, will have the greatest impact on the shopping experience. Shoppers will be able to upload a bar code on an item and get extensive information – information that a salesperson might not know. Since the recession has reduced the number of salespeople in most stores, this technology efficiently and effectively fills the gap. According to Sucharita Mulpuru, vice president and principal analyst for market research firm Forrester Research Inc, mobile technology has “so far been about bringing the store to your home. But the future will be about bringing the Web to the store.”

Discussion Questions:

What are retailers doing to get shoppers to visit stores during the economic downturn?

Retailers are using a combination of entertainment, product education, and more curated assortments to attract and motivate customers. Their messaging communicates how products are made and why they cost what they do. The idea is to make shopping fun again by offering an in-store experience that can’t be duplicated via the Internet.

What communication tool do experts predict will have a profound impact on retail and why?

Experts believe mobile devices, such as cell phones, will have a great impact on retail since this technology can provide shoppers with instant in-depth information about a product. The technology is particularly important during an economic downturn, when fewer salespeople are available to answer shoppers’ questions, but will remain useful no matter what the economy since the information found on the Web is likely to be more detailed that what a salesperson knows.
Harrah’s Loyalty Program

Use with Chapter 11, “Customer Relationship Management”

“Casino Owner Rewarded With $6.4 Billion in Revenue; Program Set to Go Mobile” Michael Bush, AdAge.com, October 2009

In 1997 Harrah’s Casino launched its Total Rewards loyalty program, which is now called Total Gold. This loyalty program generates over $6 billion in increased revenue yearly and is considered to be the top loyalty program in its industry. Through Harrah’s Total Gold program, customers earn credits each time they visit and play. Accumulated credits are traded for rewards, cash, coupons or complimentary services, and used to determine customer loyalty levels of gold, platinum or diamond. Services and privileges become increasingly valuable with each new level.

Harrah’s gathers and consolidates information from more than 60,000 slots, 2,000 tables, 40,000 hotel rooms, 390 restaurants, bars and clubs and 240 retail shops within its dozen casino brands in order to gain insight on consumer purchase behaviors. The information collected includes transactions, surveys, and customer requests. These data are consolidated in a central database to provide a complete picture of each customer.

Total Gold is much more than a loyalty program. It is a key element of Harrah’s customer relationship management (CRM) program. Using the data collected through the program, Harrah’s develops a better understanding of its customers so that it can offer them the best reasons to visit and play at its properties and a better customer experience.

Insights into customers are used to improve the effectiveness of the casino giant’s communication program. Messaging is customized and targeted at the most loyal patrons, an approach that is proving successful for Harrah’s. The company sends out 250 million pieces of mail annually; some customers receive as many as 150 direct mail pieces a year. This direct mail campaign, combined with email advertising based on the reward program, has allowed Harrah’s to cut ad spending in 2009 to half what it was in 2008.

In the past couple of years, Harrah’s has made crucial changes to Total Gold, including modifying the loyalty program to adequately target non-gamers by rewarding customers who only use rooms or spas, attend shows, or enjoy other services. Analysis of the data also revealed profit from customers who are modest gamblers (as well as in high rollers), so Harrah redesigned casino floors to include a greater percentage of lower-denomination slot machines and video poker games.

Harrah’s has found that loyalty programs are not created in a day. The Total Gold program took almost 10 years, and key to the effort was determining what information was useful and should be collected. Nor are loyalty programs stagnant. Retailers must continually make appropriate changes based on new and more detailed information about target customers to improve their customers’ experience.

Discussion Question:

What makes Harrah’s customer relationship management (CRM) program an industry leader?

- Centralization of data provides a more comprehensive view of customers
- Extensive data collected on each customer
- In-depth analysis of data to refine retail offering
- Continual upgrading and refinement of CRM program.
Luxury Brands Use Social Media

Use with Chapter 16, “Retail Communication Mix”

“Everyone's Doing It: Brands Take on Social Media” Cate T. Corcoran, WWD, September 2009

2009 was the year of social media for retailers ranging from fashionable high-end specialty shops to discounters. The top Web sites for social media include Twitter, Facebook, MySpace, Flickr and YouTube. Luxury brands, which usually build their relationships through customer service at flagship stores and traditional media, have opened the doors to social media. These retailers include Gucci, Chanel, Ralph Lauren, and Coach, among others. However some luxury retailers are cautious and others remain reluctant to invest too heavily in social media.

Luxury retailers willing to use social media find they are building relationships through user reviews, online transactions, and other applications. Innovative games, personalized social networks, cell phone applications and building partnerships with third-party social sites are also spicing up the communications mix. These partnerships, whether with a fashion social network, fashion search engine, or an outfit-building site, allow retailers to connect to customers in new ways. While blogging accounted for an initial boost in sales from searches, user reviews and customer interactions are now playing a major role.

The trend seems clear: Over 10 percent of traffic is being directed from Facebook to retail sites, compared to zero percent only two years ago. But while the most obvious way to measure the effectiveness of social media is monitoring traffic and sales directed to a retailer’s website, social media provides benefit beyond numbers. It allows for two-way communication between a company and its customers, and this interaction can build relationships and lead to greater customer satisfaction. For example, companies using social media can obtain customer feedback through surveys or user reviews and use this information to tailor their collections or messaging. Ralph Lauren introduced a second iPhone application for customized Rugby clothing that includes social features like emailing and sharing designs and allowing customers to vote on merchandise they like or place orders.

Social media is affecting advertising programs. Some retailers are shifting their marketing budget from traditional media to interactive marketing. Although companies are still using print media since it provides strong visuals, interactive media is growing exponentially.

Discussion Questions:

How are fashion retailers using social media?
Fashion retailers are using social media in creative ways to build client relationships, to advertise and sell products, and to obtain customer feedback that will help them better meet customer needs. Approaches include innovative games, partnerships with third-party social sites, personalized social networks, and cell phone applications.

Do you utilize social media to help make purchasing decisions? Why or why not?
I am just starting to use social media to evaluate potential purchase decisions based on customer feedback. I will probably do more as the applications become more pervasive.
Retailers Make Small Advances into The World of Carbon Footprinting

Use with Chapter 5, “Retail Market Strategy”

Susan Reda, Stores, October 2009

Wal-Mart is focusing its attention on the carbon footprint of merchandise it sells, including water usage and waste, with the goal of translating these complicated data into information that can be made available on merchandise labels. The retailer is hoping for a rating system that will help shoppers evaluate a product’s environmental impact.

Wal-Mart’s plan involves constructing a worldwide index that measures the carbon footprint of every Wal-Mart SKU—an effort that requires standardization of a lot of information. The index will measure carbon dioxide and greenhouse gas emissions, water usage, and other byproducts of manufacturing. Initial information will be generated through a 15-question survey asking suppliers about their sustainability practices. This information and additional data regarding product lifecycle will be entered into a database developed through a partnership involving Wal-Mart, suppliers, retailers, non-government organizations, and the Federal government. Ultimately Wal-Mart plans to translate these product data into a straightforward rating system that consumers can use in their decision making.

Environmental labeling will be complicated since no standards are currently in place for base measurement, and since the industry has not reached an agreement on when product lifecycle begins and ends. However, carbon footprinting is not a new concept: Companies like Gap, Starbucks and JCPenney have been tracking and reporting this information. This information has been communicated to consumers and shareholders through social responsibility messaging. However the Wal-Mart initiative represents a great step toward sustainability in retail, and is projected to hit Wal-Mart sales floor around 2011.

Discussion Questions:

What is Wal-Mart doing to understand and communicate the carbon footprint of its products? Wal-Mart has plans to gather information relevant to the carbon footprint of its products and to translate this information into a simple rating system that can be printed on labels. While this is a daunting undertaking, it will help Wal-Mart, its vendors, and its customers develop an increased awareness of the environmental impact of products sold in Wal-Mart stores.

What are the advantages and disadvantages of such a strategy from the perspectives of Wal-Mart, its vendors, and its customers?

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<thead>
<tr>
<th>Advantages for Wal-Mart</th>
<th>Disadvantage</th>
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<tr>
<td>Improves social responsibility image</td>
<td>The cost of implementation incurred by the vendors may lead to higher cost and prices, resulting in decreased sales</td>
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<tr>
<td>Builds store brand image</td>
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<tr>
<td>Might reveal waste and opportunities for cost savings</td>
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<td>Creates unique merchandise</td>
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<td>The opportunity for a partnership in this initiative allows both parties to work together for a common good.</td>
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<td>Advantages for Vendors</td>
<td>Disadvantages</td>
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<tr>
<td>- Improves social responsibility image</td>
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<tr>
<th>Advantages for Customer</th>
<th>Disadvantages</th>
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<tbody>
<tr>
<td>- Better living environment</td>
<td>- Higher costs</td>
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<tr>
<td>- Education about environmental impact of purchases</td>
<td></td>
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<tr>
<td>- Support in making environmentally sound decisions</td>
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Seeing Store Shelves through Senior Eyes

*Use with Chapter 14, “Buying Merchandise,” and Chapter 18, “Store Layout, Design, and Visual Merchandising”*

**Ellen Byron, Wall Street Journal, September 2009**

By 2013, the number of adults aged 65 and older will reach 71.5 million, according to the Federal Interagency Forum on Aging-Related Statistics. These baby boomers have a long tradition of altering the way business is conducted, and the additional $50 billion this cohort is expected to spend on consumer goods over the next decade is motivating retailers to change their store designs, their packaging, their signage, and their products.

As physical limitations grow and the incidences of age-related medical problems increase, these baby boomers will devote more of their purchasing power to health-related products. Retailers, therefore, are adding more of these products to their shelves. But the needs of seniors go deeper than what merchandise is on the shelf. Shoppers in this segment may have poor eyesight, arthritis, or reduced balance, so savvy retailers are modifying store layouts, lighting, and even their private labels. Changes include better lighting on shelves or aisles or bigger typefaces on private label packaging.

To find out what else seniors might need to improve their shopping experience, Kimberly-Clark has partnered with Lee Memorial Health System to run a program that allows retail executives to experience the difficulties elderly people can encounter while shopping. The program uses kits filled with products developed to simulate experiences of the elderly. For example, cardboard glasses in these kits simulate common vision impairments, and special gloves simulate the experience of having arthritis. Unpopped popcorn in the shoes can remind executives of how painful walking from one end of a mega store to the other can be.

Walgreens is also making elder-friendly changes in the upcoming months as a result of real-life sensitivity training sessions that simulated arthritis and vision problems. These changes include revamping store fliers, installing call buttons near heavy merchandise, placing magnifying glasses on shelves and making aisle signs clearer. Other retailers are making shopping easier for their elderly clients by offering smaller stores, nearby parking spaces, and more manageable shopping carts.

**Discussion Question:**

What are retailers doing to better meet the needs of their aging customers?

- Increasing the assortment of merchandise addressing the health problems of the elderly.
- Installing brighter lighting, larger signs, and wider aisles to make shopping easier and more accessible.
- Having executives simulate elderly ailments so that they can make better decisions regarding the elderly.
Small Business HR Practices to Improve Customer Service


Businesses face a conundrum when it comes to offering top-notch customer service: Generally the lowest-paid, least experienced employees are responsible for customer service. So what motivates these employees to satisfy customers?

Mike's Carwash, with 37 locations in Indiana and Ohio, has earned a reputation for stellar service by rigorously vetting even entry-level job candidates and then reducing turnover through heavy training and incentives. Turnover hurts profits and customer service. About two-thirds of the company's employees work part time.

The company hires roughly one of every 100 applicants. All candidates are interviewed by at least two people and take two computerized tests: one gauging personality and one testing basic math skills. Managers seek candidates with strong social and reasoning skills, viewed as keys to good customer service. The company also conducts drug testing and trains hiring managers to spot "red flags."

Mike's spends a lot of time training employees on customer service: All employees are required to watch a weekly 10-minute video with updates on company news and customer-service practices and other on-the-job education activities.

Once hired, Mike's employees get many incentives to stay. The company offers tuition reimbursement of up to $2,500 annually to everyone working at least 20 hours a week—a benefit about 100 employees claimed last year. Front-line workers also earn points for providing strong customer service. Every month, staffers at each location can be named "associate of the month" and win prizes of $25 or $50.

Mike's also shares profits with all employees, even the part-timers. Its "gain-sharing" program sets target labor costs at each car wash. Locations that beat those targets each month split the difference among all non-managerial employees based on how many hours they worked.

Discussion Question:

What makes Mike’s Carwash so good at delivering good customer service?

This company is highly selective in its hiring practices, provides training to continually improve skills, offers a great work environment that allows for a healthy balance between work and life, and offers incentives like tuition reimbursement and "gain-sharing" to keep good service providers.
Teen Stores Cater to the Ones with Money

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

**Elizabeth Holmes, Wall Street Journal, September 2009**

As stores struggle for customers in the midst of an economic downturn, teen apparel retailers are making moms their priority. Historically retailers have directed their marketing efforts at teens, assuming that teens will then make the persuasive sales pitch to their parents or that the teens had money of their own. But the job market was grim for teens during the summer of 2009, and the resulting lack of teen spending money has put parents back in control of what their children buy. In response, many retailers are using the approach known at Aeropostale as “TTM” or target the mom.

While the target remains the same, approaches vary by retailer. Aeropostale is designing some of their new stores to accommodate parents with strollers by making their aisles wider and adding more seats within the store. To attract value-conscious moms who are shopping with fashion-conscious children, the retailer is also offering promotions and markdowns conspicuously advertised on window signage and throughout the stores. For the convenience of working mothers, Buckle employees will schedule personal-shopping appointments outside of store hours.

Other teen-clothing retailers are modifying their assortments to appeal more to mom. Changes include emphasizing uniform-appropriate attire for back-to-school, running back-to-school promotions, and increasing color selection in basic styles. The TTM strategy is paying off: In August, Old Navy posted a year-on-year sales increase of 4 percent—a substantial improvement over the forecasted decline of 5.5 percent in stores open a year or more.

Some retailers, however, continue to woo the younger generation. Abercrombie & Fitch’s Hollister stores have retained their nightclub-like atmosphere. Rather than feeling welcomed and accommodated in these stores, mothers tend to wait outside the store and veto purchases they find too expensive. Other parents give their school-aged children a budget and allow them to shop alone. In this scenario, parents still wield the final authority: purchases must be returned if they don’t meet mom’s approval.

Whether mom is in the store, just outside, at home or at the office, keeping her needs in mind seems to be a good strategy in a challenging economy. “Parents are controlling more of the dollars being spent,” says Roxanne Meyer, a retail analyst with UBS Investment Research. “Any retailer that is doing a good job at drawing parents in is going to gain share.”

Some key things to keep in mind when appealing to parents is to create wide aisles for comfort. Along with convenience, increase the amount of cash registers by placing some in the middle to aid in a fast check out. Also have longer tables with display items organized in size and folded to ease browsing. Increase lighting so that parents can see the merchandise and lower music in background. All these factors play into creating an atmosphere that appeals to the decision makers, moms.
Discussion Question:

Why are teen stores targeting parents rather than those who wear their clothes? What changes are they making to reach parents?

In a marked strategy change compared to two years ago, teen-clothing retailers are targeting parents—especially moms—since the down economy has put parents in control of more of the dollars being spent. Changes include personal-shopping appointments outside of store hours to accommodate busy schedules, wider aisles to accommodate parents with strollers, assortments that stress value as well as fashion, and promotions and discounts.
Urban Outfitters Moves to Vendor Scorecards

Use with Chapter 14, “Buying Merchandise”

John Walsh, Retail Wire, August 2009

As Urban Outfitters expands, they are working to improve their supplier management process by initiating a Product Lifecycle Management (PLM) system. This system will provide a vendor scorecard based on information about supplier performance, and will give Urban Outfitters a more accurate picture of problem vendors and ways to reduce costs by addressing these issues. The vendor scorecard will also expedite product handling at distribution centers because shipments from vendors with good ratings will have reduced handling and count verification.

Historically Urban Outfitter relied on compliance and deduction policies to manage their suppliers and to meet requirements. The PLM scorecards, however, allow the retailer to establish and review more nuanced performance measures. Although poor performers can be eliminated if they don’t improve, improving transparency and accountability in other businesses has increased the motivation to perform well.

Urban Outfitters has launched a Web site specifically for vendors to increase communication and improve the scorecard system. Vendors can use the site to access routing, packing and ticketing information, thus opening a new line of communication between vendors and buyers.

Discussion Questions:

What are the pros and cons of using vendor scorecards for retailers over typical compliance and deduction policies?

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
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<tbody>
<tr>
<td>• Reveals problems with vendor relations</td>
<td>• Finding the right performance measures</td>
</tr>
<tr>
<td>• Expedites distribution center processing for vendors with good scores</td>
<td>• Securing vendor acceptance of the new policies</td>
</tr>
<tr>
<td>• Motivates vendors to perform well</td>
<td>• Eliminating poorly performing vendors may hurt morale and will lead to the need to find a new vendor</td>
</tr>
<tr>
<td>• Potential for cost savings</td>
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What are overall obstacles for retailers in trying to get suppliers to adhere to supply chain guidelines such as accurate and timely deliveries?

Suppliers have their own priorities that often might conflict with those of the retailers. The supply chain member that wins this tug of war is the one with the most power. But by providing an objective vendor scorecard, vendors will know what they should be doing to provide adequate service to their retailers. Also, if they do not perform up to standards, they know what the ramifications will be.
JCPenney Tests Scannable Mobile Coupons

Use with Chapter 15, “Retail Pricing“

Mark Walsh, Marketing Daily, September 25, 2009

JCPenney is testing a new system that will allow point of sale (POS) terminals in 16 Houston stores to scan coupons from customers’ mobile phones. This technology uses imaging scanners that can read two-dimensional barcode coupons. The technology allows faster check out and adds to customer convenience by eliminating the need to clip and save coupons. Electronic coupons are also environmentally friendly and compatible with consumers’ propensity to use sophisticated mobile technology.

JCPenney has partnered with Cellfire for this pilot. Cellfire’s usual business model offers discounts to retailers provided the customer downloads a mobile application from www.cellfire.com/jcpenney. However, JCPenney’s customers benefit from an extra convenience: They can download the application directly to their phone by simply texting “JCP” to 288888 on their Internet enabled cell phones. This allows customers to download the mobile application directly to their phones. Then they can take the phone with the coupons to the store and download the coupons directly into JCPenney’s POS terminal for processing.

JCPenney is promoting the scannable coupons through local advertising, the company website, mobile and e-mail marketing, and other methods to increase customer awareness. However potential roll out to 1,100 stores will await the results of this test.

Discussion Question

What are the advantages of scannable mobile coupons for JCPenney? For customers?

<table>
<thead>
<tr>
<th>Advantages for JCPenney</th>
<th>Advantages for customers</th>
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<tbody>
<tr>
<td>● Eliminate manual processing of paper coupons</td>
<td>● Greater convenience in redeeming coupons</td>
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<tr>
<td>● Reduce check out time</td>
<td>● Faster check out</td>
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<tr>
<td>● Encourage customers to carry a JCPenney “ad” on their cell phone</td>
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<td>● Due to the ease of storing and using coupons, more coupons are redeemed, which makes</td>
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<td>the promotion more effective. However the scannable coupons might reduce Penney’s</td>
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<tr>
<td>opportunity to price discriminate with their coupons. The cost of clipping and using</td>
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<tr>
<td>coupon will be so low that price insensitive consumers will be willing to incur the</td>
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<tr>
<td>higher “cost” to them of clipping and carrying coupons</td>
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