Dear Professor:

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
- Online resources
- Past editions of this newsletter

Go to [http://www.cba.ufl.edu/mkt/retailcenter/teachretail](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, etc to bart.weitz@cba.ufl.edu.

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

- Amazon Steps Out of the Online World
- Asda, the Walmart of Grocery Stores
- Retailers’ Big Problem: Big Inventories
- Putting the Power Back in Power Centers
- Retailers Adjust to Ethnic Shoppers
- Luxury Parties: The Cost of Marketing
- Retailers in Mall Locations
- Retailers on Social Networks
- Coupons Gain Popularity
- Thriving Specialty Retailers
Class Discussion Topic

In this troubled economy, retail sales are declining as consumers are spending less. How will the economy differentially affect the different types of retailers? To start this discussion, you might ask students to indicate what they would put of buying and what they would not stop buying. The answer to these questions for a national survey is below:

<table>
<thead>
<tr>
<th>10 things shoppers consider expendable</th>
<th>10 things shoppers consider &quot;untouchable&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxury Handbag</td>
<td>Internet service</td>
</tr>
<tr>
<td>Satellite Radio</td>
<td>Cell phone basic</td>
</tr>
<tr>
<td>Shopping for Specialty Apparel</td>
<td>Cable/Satellite TV basic</td>
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<tr>
<td>High end cosmetics</td>
<td>Shopping for discount apparel</td>
</tr>
<tr>
<td>Maid service</td>
<td>Hair cut/coloring</td>
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<tr>
<td>Facial</td>
<td>Fast food restaurant</td>
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<tr>
<td>Fine dining at restaurant</td>
<td>Sit down casual restaurant</td>
</tr>
<tr>
<td>Manicure/pedicure</td>
<td>Charitable contributions</td>
</tr>
<tr>
<td>Upgraded phone service</td>
<td>Vacation</td>
</tr>
<tr>
<td>Club/social membership</td>
<td>Fast causal restaurant</td>
</tr>
</tbody>
</table>

% 92 91 91 90 90 89 88 88 87 81 64 61 45 40 37 35 32 30 28

Source; Stores, February 2009

Generational differences. Boomers compared to Millennial’s are:
- more inclined to designate items as “expendable” than those consumers still in the acquisition phase.
- more inclined to be happy with basics rather than all the bells and whistles preferred by the under-35 set.
- more likely to bypass the high-end cosmetics counter, skip their facials and allow their gym memberships to expire than are the younger group.
- consider hair care (cut/color) to be “untouchable.”
- less likely to consider Internet service untouchable
- both groups respond nearly the same
- less inclined to consider the purchase of an upgraded cell phone “untouchable.”

Internet Material

Video about decline of mall traffic and Mall of America – Chapter 7
Video on the use of robots in Zappos distribution center – Chapter 10

Video of Michael Graves talks about designing private label merchandise for Target – Chapter 14
http://www.openforum.com/leadership/video_designingtarget.html
http://www.openforum.com/leadership/video_ontarget.html

Video on professional shoplifters (boosters) Target’s loss prevention program – chapter 17
http://abcnews.go.com/video/playerIndex?id=6800217

A map that show the growth of Wal-mart locations in the U.S. over time
http://projects.flowingdata.com/walmart/

ABSTRACTS OF RECENT RETAIL ARTICLES

Amazon Steps Out of the Online World

Use with Chapter 16, Retail Communication Mix


One of the shortfalls of Internet shopping is that consumers cannot touch or feel a product before purchasing it. The quintessential online retailer, Amazon.com, is attempting to resolve that limitation without ever opening a brick-and-mortar store.

In a new mobile phone application for the iPhone, consumers can visit a store and take a picture of books they like; the application then stores the items in an online shopping cart. Amazon employs the crowd-sourcing service “Mechanical Turk,” which matches the book’s cover with the product page on Amazon.com. This contractor receives 10 cents per product, and the Amazon Web site can display its prices and customer reviews.

For example, customers can visit their local Barnes & Noble store and page through a book they are thinking of purchasing. When they are ready to buy or know they can get it for a lower price online, they use their application to order from Amazon. It is almost like having a kiosk in the store—a kiosk owned by the customer.

Consumers still prefer to shop in brick-and-mortar retailers like Sears, Target, and Walmart, but their second choice is Amazon.com. The new cell phone application therefore gives customers a compelling option, because they can browse in the store setting and then enjoy the lower online prices on Amazon. Right now, the application works only for books, but if Amazon extends this application to include all of its product offerings, brick-and-mortar stores could really be taken for a ride by customers who patronize stores only to take mobile photographs and test the products.

Amazon is preparing for the aftermath of the recession, when it likely will be an even stronger player in the market. Its considerable R&D, amounting to $4 billion in the past 10 years, pushes it to experiment with what consumers will accept and use in the future.
**Discussion Questions:**

**What new mobile technology is Amazon offering to facilitate purchases?**

*Amazon developed a smartphone application whereby a consumer can take a photograph of a product in the store, which gets converted into the product page on the Amazon web site. Consumers then have the option to purchase the product at their leisure by just clicking on their Amazon shopping cart.*

**What does this innovation suggest about Amazon’s sustainable competitive advantage?**

*Even though Amazon is among the most successful online retailers, it clearly does not stop there; it continually invests in customer research to come up with innovations to increase its value for customers. This customer orientation likely gives it a strong and sustainable competitive advantage.*

**Asda, the Walmart of Grocery Stores**

*Use with Chapter 4, Consumer Behavior, Chapter 5, Retail Market Strategy*


The no-frills, bare bones, low-cost grocery retailer Asda has seen an unprecedented increase in its number of shoppers, reaching 900,000 new shoppers every week, on top of its normal patrons, in the past year. Upper-middle class consumers who previously shopped at Marks & Spencer or Waitrose are trading down to Asda, which now lists 47 percent of its shoppers as from the middle class.

Asda is not just for lower middle-class and lower-class workers, as it once appeared to be; instead, everyone is finding value at the store. With the tough economic times, U.K. shoppers avoid splurging on anything that seems unnecessary. Some customers buy inexpensive food that will last longer, such as extra potatoes, which make meals more filling. However, the changing customer demographic also means that different parts of stores are enjoying sales increases; for example, organic food sales have increased 16 percent.

The basic, no-frills value proposition of the company penetrates its entire culture, even at the corporate level. The CEO does not have his own parking spot. In stores, the entire staff meets three times per day to review sales figures, labor wages, wastage levels, and merchandise availability. Thus, everyone is knowledgeable and accountable for the success of the store.

After 100 years, Woolworths closed all of its store this month. In response, Asda had to rework its distribution system to attain certain products it had sourced through Woolworths’ distribution company. The economic crisis thus is affecting everyone, which means that even low-cost Asda, with its bountiful influx of new customers, cannot just rest on its laurels.

**Discussion Questions:**

**What is Asda?**

*Asda is a no-frills grocery store in the United Kingdom that originally targeted a lower middle-class consumer.*
How and why has Asda’s target market changed in recent months?

The economic crisis has caused consumers that previously patronized higher-end stores like Marks & Spencer and Waitrose to find ways to save money and spend less on food. With its rock-bottom prices, Asda provides value to all consumers.

Retailers’ Big Problem: Big Inventories

Use with Chapter 15, Retail Pricing


Retailers expected 2008 would be a mediocre year, so most of them bought and planned for less inventory than normal. Yet even so, the unexpected global credit crisis in September made the year much worse than they could have anticipated. Retailers are thus turning to a variety of creative means to survive these tough times.

Decreasing consumer spending means retailers have an exceptional amount of leftover inventory. Many offer dramatic markdowns, up to 70 percent, to get rid of the merchandise, but even such drastic steps have not depleted inventory sufficiently. Retailers might want to go to 80–90 percent discounts, but many are restricted from doing so by manufacturers that set price limits to maintain their brand image.

Other retailers turn to liquidators that purchase excess inventory, at 25 percent of the wholesale price. However, with so much inventory, supply is outpacing the demand from liquidators. Retailers therefore are turning overseas, where they suffer no restrictions on how to use or sell the merchandise.

Some large companies even are trying bartering. A global corporate trading firm, Active International, offers credit to retail customers for future services, such as advertising, travel, and business expertise, in exchange for its inventory. Because retail merchandise grows obsolete so quickly, it loses value rapidly too. Even credit thus may seem more appealing than storing merchandise and trying to get a better price from another overloaded liquidator.

The start of 2009 suggests retailers will be even more conservative in their buying. Their fear of excess merchandise at the end of the season may prompt them to promote products heavily with discounts throughout the season.

Discussion Questions:

When markdowns aren’t enough, what are U.S. retailers doing with their excess merchandise?

Retailers are sending the merchandise overseas, where manufacturer price restrictions are not in effect. Thus, the retailers can “dump” the merchandise, even if they receive little money in exchange.

Discuss some advantages and disadvantages of bartering.

Retailers get rid of the merchandise, so they don’t have to pay expensive inventory storage costs. If the global economy continues to decline, they also may be able to lock in exchanges that will prove valuable in the long run. However, in the shorter term, they receive no immediate cash payment for the goods, so their accounting will indicate severe losses.
Putting the Power Back in Power Centers

Use with Chapter 7, Retail Locations


At a time when retailers are suffering tremendously, there may still be some ways to attract consumer sales. For example, the power centers that traditionally included various big box retailers can be transformed into hybrid power centers.

A hybrid power center offers lots of amenities, including both lifestyle center tenants and big box stores. One 900,000 square foot hybrid power center in Alabama contains a SuperTarget, Lowe’s, Staples, Sports Authority, DSW, and Toys ‘R Us, as well as junior anchors, such as smaller retailers and restaurants. This particular center even offers a library and office space.

The diverse tenants make it seem like a lifestyle center, but it offers more places for necessary purchases. The library and office space also add to the mixed use component of the center and help draw more traffic to the site.

The SuperTarget in this center has earned the highest sales of all store openings in the United States, as has the Sports Authority spot. Many power centers are suffering significantly, especially in the aftermath of Circuit City closings. By converting vacant space into sites for junior tenants, such as restaurants, the power center can change with the times and perhaps become more successful than it was before.

Clustering stores in one location benefits customers, who can complete one-stop shopping. By integrating a grocery store, office space, and big box retailers, these hybrid power centers build traffic and increase the chance that customers will also stop into Best Buy and grab a bite at the surrounding restaurants.

Discussion Questions:

What are power centers doing to increase sales?

Some power centers are introducing more junior tenants to their strip center. These hybrid centers offer more variety for customers to do one-stop shopping.

Retailers Adjust to Ethnic Shoppers

Use with Chapter 4, Consumer Behavior, Chapter 5, Retail Market Strategy


As ethnic populations in the United States continue to grow, so does their tremendous spending power. As just one example, Latinos spend more than $870 billion on consumer products and are expected to own 12 percent of total U.S. purchasing power by 2015.

Many retailers cater directly to these populations, forcing consumers to find ethnic-only stores if they want groceries and electronics that target them. Best Buy and Walmart traditionally have not hired employees who speak their language, might not carry products from home, or create an environment that feels too foreign.
In La Curacao electronics stores, Spanish-speaking customers can purchase products found at Best Buy. The in-store décor features Spanish and Brazilian soccer jerseys, as well as Mayan and Aztec symbolism, which may make customers feel nostalgic. La Curacao also offers flexible payment plans and added services, such as sending an employee to first-time computer buyers’ homes to teach them how to use the device. Although its prices are not competitive with big box competitors, its payment offerings and services draw customers.

Best Buy is catching on and making some changes, including the development of a Spanish-language version of its Web site and the hiring of Mexican soccer star Cuauhtemoc Blanco as the face of the brand. One-third of Best Buy stores feature bilingual signage, and in certain areas, it can advertise that its employees speak 15 languages, from Nigerian to Russian. Employees who have a hard time understanding a customer can turn to the Best Buy Web site to find bilingual videos.

Best Buy also is tailoring promotions and in-store entertainment to appeal to Spanish-speaking customers, who like to shop with their families on the weekends. Popcorn, balloons, and actors dressed as SpongeBob SquarePants entertain children in the store, which helps customers feel more comfortable. These aspects likely encourage ethnic consumers to patronize the store again and again.

Discussion Questions:

What are retailers doing to reach the immigrant community?

Some retailers are designing stores with bilingual in-store signage, hiring ethic brand ambassadors, developing bilingual Web sites, hiring bilingual employees, offering flexible payment plans, and providing in-store entertainment.

Are these developments positive or negative?

Certainly greater inclusiveness is a good thing for society overall and for consumers who historically have been ignored. But many smaller ethnic stores may suffer and be forced to close if big box retailers target their usual customers, which may have a long-term negative effect on some communities.

Luxury Parties: The Cost of Marketing

Use with Chapter 15, Retail Communication Mix


The biggest spending customers are not changing their buying behavior. Even the luxury sector has been hit with the economic downturn, suffering a more than 20 percent drop in October 2008 compared with the year before, yet many luxury customers continue to spend at the same levels.

Retailers therefore have to offer this select group of customers extra benefits to maintain their relationships. Many brands, such as Damiani Jewelers, host extravagant parties. The Damiani party, held at a $9 million house in Hollywood Hills, served filet mignon and champagne. Mikimoto, the pearl retailer, and Equinox, a chain of posh fitness clubs, use their lavish parties to exploit the word-of-mouth marketing they gain when partygoers brag about their good time to nonattendees. Such parties lift customers’ spirits and help them forget the economic downturn.
American Express held a dinner party for its best customers in a room suspended by a crane, 160 feet in the air. Another high-end marketer invited clients to fly MiG jets. These luxury companies demonstrate their recognition that they need to develop relationships with their customers outside of the sales setting or the store.

The fabulous parties represent a marketing expense, namely, the cost of doing business with the very wealthy. If companies want to function in that environment, they must cater to extravagant desires. Entertainment MarketPlace plies its services by putting on parties for the likes of Bugatti and Jaguar.

At a time when most of America feels clinched and consumer confidence is at an all-time low, the wealthy may be the means to help luxury retailers weather the storm.

**Discussion Questions:**

**How are lavish parties justified to marketers in an economic downturn?**

*Despite the economic downturn, these parties represent the cost of doing business with the mega-wealthy. This marketing expense is comparable to offering a gift certificate to entice a customer to shop at Target. The high-end market spends more and thus needs more incentive to shop with the retailer.*

**Are there any ethical considerations to consider regarding this issue?**

*Companies might want to avoid publicizing these lavish expenditures too much. For many people, the idea of an extravagant party, while many Americans are having trouble keeping their homes, may seem offensive or remind them of the parties thrown by Enron executives before the collapse of the company.*

**Retailers in Mall Locations**

*Use with Chapter 7, Retail Locations*

“The Mall Pall: Have America’s Biggest Shopping Centers Lost Their Allure?,” *Knowledge@Wharton*, December 10, 2008.

Are malls still exciting? According to a Wharton survey, consumers have grown dissatisfied with their experiences at shopping malls. Whereas many consumers have changed the way they shop, malls have not changed significantly in the decades since they began: They provide of a predictable set of stores with little other entertainment.

At one time, a visit to the mall seemed entertaining; consumers could window shop and browse stores to discover varying selections of merchandise. The fountains, food courts, and children’s rides made an outing to the mall fun for the entire family.

But today, 80 percent of shoppers cite at least one problem with their mall visits, and 50 percent claim problems with individual stores. The key reason for their dissatisfaction stems from the make-up of the malls, with their sprawl of stores that all seem to carry the same merchandise. They also complain about the lack of entertainment value, navigation difficulties, a lack of restaurants, and annoying teenagers. Consumers who focus on their shopping visit the mall to find specific things, rather than perceiving it as a destination.

For mall owners, the aggregation of many stores is beneficial from a revenue point of view. Malls draw more people, ensuring traffic into stores. A shopper normally visits five stores on a typical
trip to the mall and travels 23 miles to get there. One-third of shoppers spent two to three hours in a mall, and 90 percent make at least one purchase, spending on average $150.

These statistics provide plenty of reasons to support the mall concept. But to make them relevant, shopping malls need to increase signage to help navigation, focus on added services for customers to increase the enjoyment of the trip (e.g., valet parking), and find a way to move teenagers into specified areas. Coca-Cola’s Red Lounge, with all red seating and retro Coke machines, gives teens a place to gather while also increasing brand awareness among anyone who walks by.

**Discussion Questions:**

**How do customers feel about malls?**

Customers are dissatisfied with the monotony and predictability of the stores and the merchandise in a mall. There is no entertainment, and the large complexes are difficult to navigate. They also often lack good restaurants but not crowds of unattended teenagers.

**What should mall managers do about it?**

Mall managers should add branded events or entertainment that customers might enjoy. They should also focus on the technical aspects of the mall, such as signage and parking to streamline the experience.

**Retailers on Social Networks**

*Use with Chapter 16, Retail Communication Mix*


The key for retailers experimenting with different ways to interact with customers through social networks has been engaging them with humor or interesting content, and then encouraging these customers to spread the word to others.

JCPenney’s recent viral ad campaign received more than 1 million hits. The five-minute video on YouTube tells the story of a man who gives his wife a bad present and winds up in the doghouse—an underground prison in which he is forced to fold laundry and listen to relationship tips until he realizes what constitutes an acceptable gift, namely, according to JCPenney, jewelry. Along with the video, the retailer created a Facebook application that allows users to put their friends into a virtual doghouse. So far, more than 3,000 people are in the virtual doghouse—most of them men.

Victoria’s Secret Pink brand has been active enough on Facebook to attract millions of fans. Currently, it is polling these fans to vote for which college Pink should emblazon on its merchandise, in addition to the 31 universities already in use. Its sweatpants drive collects donations to send to battered women’s shelter, which of course enables the company to hint that fans should purchase new sweatpants for themselves.

Sephora’s makeover interactive application allows users to add makeup and fake eyelashes to a photo and then send it to friends. Dell, Sephora, and eBay all sell virtual gifts, like a virtual computer, to send to friends on their Facebook pages.

The interactions created from virtual gifts, viral videos, or community campaigns strengthen the brand by creating chatter about the topic. Virtual gifts may be a good option for some retailers,
but polling interested customers about new product development ideas may be an even better way to engage customers.

**Discussion Questions:**

**How are retailers using Facebook for social media?**

*Retailers are offering virtual gifts that users can electronically give to others. They are also making interactive applications, such as the Sephora makeover tool or the JCPenney doghouse campaign.*

**How would you respond to a retail communication effort to target you on Facebook?**

*I would engage in the Facebook marketing, as long as it was interesting and had some value that I could pass on to others. If the application or tool is a conversation piece for my friends, I would utilize it.*

**Coupons Gain Popularity**

*Use with Chapter 16, Retail Communication Mix*


Coupon redemption has been on the decline every year—except for this one. As the mortgage crisis and high fuel prices press on their budgets, more and more consumers are looking for ways to save money. Coupons offer an easy way to save cash in the immediate term.

Coupons can push customers to try a new product that they otherwise would not have or reward them for purchasing in large quantities. In the modern economy, saving money is also a cool trend. *All You* magazine offers a new e-mailed newsletter with coupon previews for the next publication, all indexed for the customer’s convenience. Dedicated coupon Web sites make it easy to obtain discounts through the Internet. For example, shortcuts.com allows customers to download coupons onto frequent shopper cards.

Many companies also use coupons as a targeting tool, pushing coupons for products customers have bought in the past or that match the shopping baskets of other consumers who have bought similar products. Coupons can expand a customer’s shopping baskets by targeting coupons using like shopping baskets from other customers.

Mobile coupons provide another convenient way for shoppers to take advantage of coupons. Arby’s, Caribou Coffee, and GameStop all use various distribution channels, so that their customers can clip paper coupons, receive them at the checkout terminal, or download them from online.

**Discussion Questions:**

**How are retailers creatively using coupons to increase sales?**

*Retailers are using technologies, including the Internet, mobile phones, and targeted marketing, to make it convenient and applicable for customers to use coupons.*

**Are there any downsides to the expansion of coupon usage?**
As with any promotion, the danger becomes that consumers expect to receive discounts or coupons for all their purchases. If coupons are the new cool thing, then retailers will find demand for them increasing, which can be challenging in a slow sales environment.

Thriving Specialty Retailers

Use with Chapter 5, Retail Market Strategy


Who is really suffering, and who is thriving? Well most obviously, Walmart is killing the competition, because many consumers are trading down in their purchases of everything the mega-retailer already offers. But in a seeming paradox, some specialty niche retailers are sticking with their regular pricing and still resonating with their customers.

Consumers have to buy food and fuel, and for those items, Walmart has great appeal. It achieved the greatest grocery store growth by the end of 2008 and is taking customers from other categories, such as consumer electronics stores, by offering brand name televisions at low prices. Walmart proves that low prices are what consumers want.

In contrast, specialty retailers like Hot Topic, Aeropostale, American Apparel, Buckle, and Urban Outfitters are indicating it is about more than price. To the teenage and young adult market, these stores deliver unique, trend-forward merchandise. These consumers have not taken a hit to their 401Ks, and they are already accustomed to living on tight budgets. Edgy retailers grab their attention, convince them to take fashion risks, and entice them to make more purchases. Whether these stores have just been lucky or will continue to make the right choices in fashion remains to be seen.

Another alternative is Kohl’s strong position. It is acquiring retail space vacated by the bankrupt Mervyns, at $1.74 per square foot, and it is taking the lead in inventory management and merchandising execution. The department store makes $60 per square foot more than competitors like JCPenney and Macy’s.

For these successful retailers though, the meaning of retail success may change in the future. Same-store sales once were the most important measure; now real estate portfolios, management turnover rates, sales per square foot, and percentage expenditures on overhead provide additional and more detailed insights into a retailer’s health.

Discussion Questions:

Which retail chains are doing well during the recession, and why?

Walmart is doing well, because its discount store format offers everything from food to fuel to televisions at low prices. Specialty teen retailers succeed with edgy merchandise, such as Aeropostale and Urban Outfitters. Kohl’s is focusing on an innovative supply chain and acquiring some valuable locations for low prices.

Trends in Retailing, 2009

Use with Chapter 5, Retail Market Strategy

Whereas 2008 was a year of crisis, 2009 looks like it will mark a turning point in retailing. The remarkably low levels of consumer spending and confidence are eliminating retailers that cannot rely on efficient operations or effective offerings. Thus, the retailing focus will move to sustainability and interactions with customers that encompass new dimensions.

The trend is not to spend, and customers feel bad about expensive purchases. To get these guilt-ridden customers to share their wallet, retailers have to provide a real reason for the purchase. In turn, the customer’s experience and connection with the retailer needs to be strong. In particular, modern customers want to be informed about products and make their decisions on the basis of their sense of duty to the environment.

Some retailers have started to preserve energy through eco-friendly construction, water and power conservation, and waste management efforts. Companies will need to rely even more on such sustainability efforts to keep their costs down and achieve a reputation as a “good” retailer in customers’ minds. Wall Street and shareholders are putting increasing emphasis on green metrics as a success factor.

After years of investing money in their databases, retailers have been able to capture a lot of valuable information in their vaults. This stored information should help them make efficient decisions and target customers better. Retailers need to capitalize on these data.

Finally, consumers indicate that they increasingly prefer to interact through social networks, text messaging, mobile communications, and so on. Retail access to such networks includes word-of-mouth advertising from consumer to consumer as well as Twitter-only promotions, as Dell has done this month. Communicating with the customer has changed; retailers need to develop smartphone applications instead of e-mail blasts and digital in-store signage instead of television commercials.

**Discussion Questions:**

What are the trends that retailers should be watching in 2009?

Retailers will focus on energy savings to keep costs down and appeal to customers. Data analytics will provide a better understanding of customers. Communications with customers likely will take place over mobile and digital networks.

**Digital Signage for Promotional Purposes**

*Use with Chapter 18, Store Layout, Design, and Visual Merchandising*


Signage in a retail store provides information about products and promotions and tips for navigating the layout. Digital signage is becoming ever more popular, because it also offers the advantage of quick changes.

Wal-Mart currently uses digital signage in 330 of its stores and will have it in 2,700 stores by the end of 2010. The discount retailer installs televisions throughout the stores that provide endless communication to customers as they shop. The digital signage might direct them to a certain area of the store or offer a meal idea. This constant connection also means that customers can respond immediately to the call to action included in advertising.
Suppliers and vendors can purchase commercial spots in the store. A 3.5 hour programming clip may include a variety of sponsors, which receive repeat exposures on a regular basis. This type of advertising achieves a greater return on investment than TV spots on cable television, because the customers (and employees) are in the store and keep watching the ads.

Alternatively, the signage might provide customized programming. If a particular store has too many diapers, an ad offering 20 percent off diapers can appear instantly. Customers note the ad and the great price, then choose diapers off the shelf. The real-time aspect of such programming thus can have a direct impact on sales.

Digital signage benefits not only the companies that advertise but also customers who gain information. The signage generally is aesthetically pleasing, creating an upbeat environment. In a store like Wal-Mart, which often appear somewhat mundane and overwhelmingly large, digital signage should improve both the visual environment and the in-store experience.

**Discussion Questions:**

**What are the benefits of digital signage?**

*Digital signage is versatile and can be changed at any moment. The signage can play advertisements on a repeated schedule or highlight customized promotions.*

**How are retailers using digital signage?**

*Retailers use digital signage to enable suppliers and third-party companies to advertise. The digital signage also promotes products in the store and directs customers to certain displays.*