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Dear Professor:

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

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- What’s that Private Label You’re Wearing?
- Retailers Cut Costs, Lower Prices, and Decrease Inventory
- Supermarket Store Design
- Is Starbucks Getting too Promotional?
- The Science of Shopping

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ABSTRACTS OF RECENT RETAIL ARTICLES

Cheaper than Walmart

Use with Chapter 5, Retail Market Strategy


As the economy goes south, Aldi, the German grocery retailer, is looking west, to the United States. With its strongly competitive prices and no-frills format, the retailer actually drove Walmart out of Germany earlier this decade. And now, Aldi plans to open more than 75 U.S. stores, including a storefront in New York City.

The grocery retailer carries 95 percent private-label merchandise. Although private-label merchandise is becoming more popular in the United States, customers are still swayed by national brands, which may be one reason they continue to shop at Walmart instead. Store-brand merchandise makes up only 22 percent of U.S. food sales, whereas this level is 30 percent in European markets. With the poor economy though, Aldi believes that brand names will be less of an issue to consumers who desperately want to save money. It will attract them with prices that are 15–20 percent lower than Walmart’s and 30–40 percent cheaper than regional chains’.

The model has proved so popular at home that Aldi has saturated the German market. When the company first entered the United States in 1976, then Britain in 1990, it opened in low-income areas. But these sites were mostly unsuccessful, because poorer consumers could not afford fresh products and many of the store’s perishable merchandise went to waste. This time around, Aldi plans to put its no-frills stores in sites that attract middle-class shoppers with some disposable income and education but who still want to save money. Even within its low-cost business model, it will make some adjustments to appeal to American consumers, including higher ceilings and more windows.

Aldi has influenced the way Europeans shop for food. In the United States, shopping for the lowest prices remains a goal of mostly low-income customers. In truth though, people who shop for the lowest food prices are smart and can save their money to spend on other items. Aldi offers great value because its products proffer high quality, but its low-cost business model allows it to keep its low prices. The company earned $7 billion in sales and still has a lot of room for growth if it hopes to reach the sales level of Kroger ($70.2 billion) or Walmart.

Discussion Questions:

Who is Aldi’s target market in the United States?

Aldi plans to target middle-class U.S. shoppers.

What is its retail format?

The retail format uses a no-frills, bare-bones model, in which the displays consist of the boxes in which the goods are transported, and customers bring their own bags.

What are its sustainable competitive advantages?

The low-cost model is ingrained in the company’s longstanding culture. Aldi does not waste money on anything. Its other sustainable competitive advantage is its reliance on private-label brands, which provide a higher gross margin than national brands.
Can it beat up Walmart like it did in Germany?

Aldi likely will take some customers away from Walmart, because of its lower prices, but Walmart also offers nonfood items, which gives customers the convenience of one-stop shopping. Aldi also may attract middle-class shoppers who would not shop at Walmart.

Open Air Centers—with Convertible Roof

Use with Chapter 7, Retail Locations


Lifestyle centers with open air, outdoor architecture welcome pedestrians and offer an attractive alternative to traditional malls, which gives retailers located in the centers a potential advantage. In some locations though, the weather does not support an open air structure year-round—Salt Lake City suffers from very hot summers and snowy winters, Phoenix’s desert summers are brutally hot, and Dubai must contend with frequent sandstorms. Such extreme weather patterns can deter customers from shopping if a trip will just expose them to the bad conditions.

So in Salt Lake City, 2012 will see the opening of a lifestyle center with a retractable roof. The technology, adopted from convertible cars and sports stadiums, uses a glass roof that can close over the 30,000 square foot, five-level center. The roof splits in the middle and recesses into each side, so that the glass and roof rails seem to disappear. The hybrid lifestyle center, offering both enclosed and open atmospheres, is appealing in this changing climate, but it also costs millions of dollars.

However, the flexible roof may lead to higher productivity and profits from customers. From a cost point of view, the center does not need to be air conditioned or heated for about nine months of the year. Furthermore, the project be certified LEED (Leadership in Energy and Environmental Design) by the U.S. Green Building Council. The roof takes only six minutes to open, is sensitive to the weather, and can close automatically if it senses rain.

In this case, developers considered an enclosed mall, but just another enclosed mall in Salt Lake City would not have offered any differentiation for the retail store inhabitants. The open air atmosphere instead should more customers, interested in seeing the first-of-its-kind center.

Discussion Questions:

What are the advantages and disadvantages of an open air hybrid lifestyle center?

An open air hybrid lifestyle center offers greater utility throughout the year than a pure open air center. The Salt Lake City center is the first of its kind and should draw customers who just want to see the retractable roof. By taking advantage of the good weather, the mall can save on utility costs. However, the roof is very costly.

In what situations might this technology be ineffective?

In the Salt Lake City example, the center could rely on ambient temperatures for most of the year. In other places, such as St. Paul, Minnesota, or Toronto, the weather is a lot colder for much of the year, so the expense might not be offset sufficiently; the developer would still need to heat the center.
Some Examples: Customized Product Offerings

*Use with Chapter 4, Customer Buying Behavior, and Chapter 14, Buying Merchandise*


Grocery stores in Europe customize their product and service offerings through market segmentation. The retailers tailor their offerings to the local environments, which makes customers more satisfied with their experience.

For example, Edeka is a grocery store in Germany that has been revamped to cater to the 50 year and older market. The price tags use larger fonts to make them easier to read, the shelves are lower, the floors have non-slip surfaces, and the stores provide places to sit, shopping carts that attach to wheelchairs, and even blood pressure monitors. The product assortment also caters to this age group’s dietary needs. For most older people, shopping in traditional stores is difficult. In Edeka though, it is pleasant, and the format, with its larger aisles, also attracts families with children.

In the United Kingdom, Tesco has gotten to know its individual customers better by collecting data through its Clubcard. Its analysis of different market segments produced an identification of three income groups: upscale, middle income, and less affluent. Then Tesco created products for these groups according to their preferences and targeted promotions that are of use to each customer. Since 2000, Tesco's market share has grown 25 percent.

Esselunga also stays on top of its customers’ buying habits. During weekly meetings with store managers, it obtains feedback about the effectiveness of product displays and notes products that are selling well. For example, it recognized the importance of health-conscious products and increased its fresh food offerings. Now fresh foods make up 30 percent of overall sales, and Esselunga has grown by 19 percent since 2007.

Europe’s top performing grocers have grown twice as fast as the industry overall during 2000–2006. By constantly staying informed and interested in what customers want, retailers can achieve better sales and higher customer satisfaction.

**Discussion Questions:**

**What are some European retailers doing to segment their market better?**

*European retailers conduct specific analyses of what their customers buy so that they can offer their customized promotions and even develop new products. They also are making adjustments to their store designs to cater to the shoppers' needs. Lastly, some retailers are interacting with their in-store employees to evaluate the effectiveness of in-store displays and determine the products that are most popular.*

**Are these tactics limited to specific cultures?**

*Absolutely not. Even though these examples all come from Western European countries, the lessons they provide seem universally applicable.*

**Department Store Markdowns or Downfalls?**

*Use with Chapter 2, Types of Retailers*
Department stores have become the new discount stores. Rather than focusing on customers, they have turned to coupons and promotions and deep sales, trying to attract dollar-conscious consumers. But some of those customers are rethinking the value that a department store really offers.

Certainly, the economy is to blame for some decreases in sales and consumer spending, but department stores like Macy’s, JCPenney, and Dillard’s have bigger problems. In a recent survey, only 6 percent of consumers completed the majority of their shopping in department stores, down from 15 percent in 2000.

Even before the economic crisis, department stores seemingly forgot to stock the merchandise that customers really wanted. Store staff seem less than friendly and rarely offer the customer service that people expect.

Instead, the focus has been on everything from coupons to loyalty programs to contests and delayed payments. The economic crisis has prompted the stores to scale up these initiatives even more, inundating consumers with promotions. This holiday season, the discounting was so extreme that consumers came to realize just how high the markups have been. It was not a pleasant recognition: They had been paying too much!

Yet department stores have retained their high-to-low pricing strategy—the prices start high, which gives the stores room to mark down those items. Customers who use coupons, layaway, and delayed payments are the most unprofitable, whereas those customers that have the most value for the department stores are being alienated by the discount approach. These latter customers are looking for better value from catalogs or the Internet or better services from other retail formats.

Department stores cannot maintain their traditional presence by pinching margins ever slimmer. They have expensive real estate locations with high overhead. High margins on their merchandise supports this business model, but when the margins are no longer there, the companies become unprofitable.

It is not too late to turn the business model around, but the department stores need to recall their focus on customers. By giving customers a coupon, they only bring in one-time deal makers. If the department store trains its employees to guide customers through their purchases, those customers are far more likely to continue to return to the pleasant atmosphere and participate in the relationship that has developed.

Discussion Questions:

Why are customers avoiding department stores?

Salespeople do not offer good customer service, the stores do not have the merchandise that the customers want, and heavy promotions are making customers realize that the prices are too high.

What can department stores do to get their customers back?

Department stores should focus on stocking merchandise that customers want, as well as offering better and friendlier customer service. In short, they need to become more customer oriented.
Luxury Retailers in India

*Use with Chapter 5, Retail Market Strategy*


India’s luxury market is likely to grow 25 percent in the next five years, but the environment remains tough for brands such as Gucci, Louis Vuitton, and Jimmy Choo. India’s luxury market continues to represent only a small percentage of its overall retail market compared with those in China, Brazil, and Russia.

The challenges in India are not a lack of wealthy customers but rather a retail landscape that cannot support luxury retailers. Indian consumers spend $500 million on luxury brands abroad, equal to the amount they spent in India last year. Bollywood stars shop for Western designer goods, but most consumers maintain a strong cultural focus on intrinsic value rather than brand value. For jewelry, for example, the Cartier or Tiffany name has little appeal beyond the quality of the product.

Before 2006, foreign single-brand retailers could not own more than 50 percent of a local venture in India, and though they may now own up to 51 percent, they still require a local partner. Luxury brands thus really only entered the market in 2006.

Moreover, high import duties and tremendous regulation limitations drive prices more than 25 percent higher than the price of the same products found in Dubai or Singapore. Some retailers must offer only outdated products, because of the high price of imports on new products. The World Trade Organization has recommended cutting these taxes to balance the situation.

Finally, India suffers from a lack of retail spaces; even decrepit locations fetch higher rents than those in Amsterdam and Stockholm. Many luxury brands locate in high-end hotels, which offer minimal visibility. The first all-luxury complex, the Emporio Mall, is under construction, as gold-plated ceilings and marble floors get installed. It may mean luxury brands finally have the appropriate platform for growing and developing in India. Whether the rents will be affordable is another question.

**Discussion Questions:**

**Why do luxury goods retailers have a hard time being successful in India?**

*Luxury retailers do not have high-end retail locations available to them, either because they do not exist or because they demand rents that are too high. Luxury goods retailers also incur high import tariffs, forcing them to charge more than 25 percent higher prices than competitors in other countries nearby.***

**What current trends or government may make it easier for them?**

*The World Trade Organization is trying to lower the taxes incurred by imports. The resulting lower prices might help luxury brands become more competitive in the market.*

Evolution of Grocery Retailers

*Use with Chapter 2, Types of Retailers*

Grocery retailing continues to evolve. A few years ago, the big-box format was in style, and every grocery retailer wanted to be the biggest, but with its existing advantage, Wal-Mart Supercenters took the lead. As consumer needs shift though, the focus has swung back to small-format grocery stores.

Wal-Mart Supercenters average 160,000 square feet and carry more than 100,000 stockkeeping units, representing as many brands as possible, along with two or three private-label brands next to each item. Major grocery stores adopted this model and expanded into larger locations to carry more products. Food stores of less than 40,000 square feet became the small, mom-and-pop grocery stores.

Today, Tesco’s Fresh & Easy stores—12,000–15,000 square feet in size—are leading the grocery scene. These markets focus on tailored assortments rather than carrying every conceivable food product, and they focus on the efficient use of the retail space available. They also emphasize produce and prepared foods, along with Fresh & Easy private-label products.

The large stores now are following this model. Wal-Mart’s Marketside stores, Safeway, and Whole Foods all offer small stores that promise more convenience than the larger formats because of their easy navigation, though they maintain full-service meat and seafood departments with oversized deli and sushi counters.

The small format grocery stores now constitute the fastest growing segment in the food retailing industry, though they remain a small part of the overall market. Consumers desire a more sophisticated food shopping experience that takes less time but provides better quality products.

Discussion Questions:

Why are some grocery chains opening smaller stores?

Some grocery chains are opening smaller chains because customers are tired of the huge warehouse size stores that do not have any customization and too much variety. Tesco has been successful in the United Kingdom, and its introduction in the United States with aggressive expansion plans has forced other food retailers to check out the small format retailing.

Do you think this trend is a threat to larger grocery stores?

This trend is not a true threat to larger grocery stores. Some customers will prefer the variety that they can get at a large grocery store, as well as the routine one-stop shopping trips that they are accustomed to now.

Kroger Focuses Coupons for Loyalty

Use with Chapter 10, Information Systems and Supply Chain Management


When Kroger sends coupons to its customers for products that they had purchased in the past, it achieves a 50 percent coupon redemption rate. This extraordinary level—the average rate is about 3 percent—suggests the grocery chain is doing a good job making its customers more loyal.
Kroger co-owns DunnhumbyUSA, a data-mining and marketing firm that analyzes customer data to gain insights into customer behavior. The company targets its coupons to customers who will use them specifically, rather than at random. Dunnhumby also uses the data to determine merchandise assortments in the stores, promotions, pricing, and placement. The company can see, for example, that Tide detergent sells well in certain areas but that Gain sells better in other areas. Kroger then can make sure that its inventory gets distributed appropriately to the different regions.

DunnhumbyUSA also analyzes customer data for Coca-Cola, Home Depot, Kraft Foods, Macy’s, and General Mills. These companies can gain customer insights and react to predictions of customer behavior, which makes them better positioned to survive in today’s environment. Many companies collect a lot of data about their customers but cannot use them to drive their business strategy. Kroger, in contrast, has 55 million card holders and leverages all of their information to ensure they stay loyal grocery shoppers.

One concern some people have about this type of customer analysis involves privacy. Companies invest in long-term relationships with their customers, which may suggest they are unlikely to abuse the information that they have. In addition, by tracking purchases, it offers better deals on the items that each customer buys most. Thus, for many customers, the slight invasion of privacy is worth it, especially if they can save money, even if the company does know that they prefer Baked Lays to Ritz Chips.

**Discussion Questions:**

**How has Kroger changed the way its customers receive and use coupons?**

*Kroger is data mining its data warehouse with all of its customer data to send customers coupons for products that they purchase. Customers thus are loyal to Kroger because the company is saving them money on the products that they would purchase anyway.*

**Can other stores follow Kroger’s approach successfully?**

*Part of the reason such data analysis works so well for Kroger is because the grocery industry has collected extensive customer data for years, so many consumers have grown accustomed to the idea, and it has offered coupons for even longer. Consumers might find this approach somewhat less appealing if it came from, for example, an electronics retailer that demanded to know which software customers bought, which might seem like a bigger invasion of privacy.*

**What’s that Private Label You’re Wearing?**

*Use with Chapter 14, Buying Merchandise*


Retailers love private-label clothing and keep adding new lines to boost margins, because margins on private-label merchandise are much higher than those on national brands. In a recession, private-label merchandise should be more popular with customers too, because it tends to sell at lower prices. But while consumers appear willing to trade down in their grocery shopping, private-label apparel remains something other than their first choice.*
In this tough economy, many national brands have been heavily discounted, eliminating the price advantage of private-label brands. In some instances, retailers have invested marketing efforts to gain a loyal customer following, but unrecognizable private labels suffer the first sales decreases. Retailers that do not sell all of their national brands can push back to their vendors, asking them to return some of the merchandise that did not sell, but for private-label merchandise, the retailer is stuck with that mistake.

Some valuable private-label brands include Bloomingdale’s Aqua or JCPenney’s American Living. These brands have become so strong that customers do not consider them lower quality or a trade down. In fact, they may not even know that the labels are private. For retailers, this situation is ideal, because they can benefit from the higher margins derived from the consumer’s belief that the brand is a national label. The Aqua brand offers very stylish clothing that it not inexpensive, similar to other national brands such as Alice & Olivia, Theory, and Marc by Marc Jacobs.

Consumers are definitely cutting back on their apparel spending, but it seems that doing so means that when they make a purchase, they want it so be worthwhile. Retailers must generate more excitement in their stores and greater value for their merchandise to get customers to share their wallets. For many customers, brands offer value, which may be the deciding factor. Successful retailers will give customers added reasons to shop at their stores. As customers’ wallets have shrunk, so too have the shares of wallet they can contribute to each retailer. The environment thus has only gotten more competitive.

**Discussion Questions:**

*Why are retailers changing their merchandise mix to include more national brands and fewer private labels?*

*Private labels are proving to be risky in this environment, because consumers are only willing to make a purchase if the product offers sufficient value. National brands provide more value for consumers. Private labels are also cannot be returned to the vendors, like national brands can, if they do not sell.*

**Retailers Cut Costs, Lower Prices, and Decrease Inventory**

*Use with Chapter 6, Retail Financial Strategy, Chapter 12, Managing Merchandise Assortments*

*“Retailers Cut Inventory to Address ,” Los Angeles Times, January 21, 2009.*

After last year, retailers are really going to have to get smart about their operations if they hope to stay afloat. Fashion retailers will no longer buy every style in every color but instead must focus on the necessary pieces that customers absolutely will demand.

Instead of the widest selection of trendy merchandise, retail buyers are looking for styles that will have staying power. Companies may have to carry over merchandise from season to season, which means timeless pieces will be more valuable. In an effort to reduce inventories, decision making likely will move to the beginning of merchandise assortments, because the budget is limited. Apparel merchants are cutting inventories by 20–30 percent for their summer and fall seasons, compared with last year.

Not only will merchandise selections be limited, but price points will fall. J. Crew has lowered the price of its ballet flats to $98 from $118, and it will carry fewer $1300 trench coats. Rock & Republic introduced a Recession Collection, priced at $128 to $132, whereas the company’s
premium denim jeans usually sell for $180 to $320. The Recession Collection will appear side-by-side with premium denim in Bloomingdale’s, Neiman Marcus, Nordstrom, and Saks Fifth Avenue. When the recession is over, it will disappear.

When consumers question the real value of products, the widespread acceptance of the $300 premium jeans category starts to change. Companies like Ralph Lauren are reevaluating their prices to see how they might lower costs to lower the retail prices.

In 2008, retailers used discounts and heavy promotions, up to 75 percent off, to move inventory. This year, they will be buying less inventory and hoping to draw customers with better value, lower prices, and improved service. Neiman Marcus is trying to sell its regular priced merchandise by hosting small private events for its best customers. All retailers will have to try, more than ever before, to lure customers to dish out their money on expensive apparel in this poor economy.

**Discussion Questions:**

How are retailers adjusting their inventories to help recession-pressed customers?

They are buying more conservatively by not purchasing higher priced and high-fashion items.

How will these adjustments affect the following: sales, gross margin, inventory turnover, and GMROI?

- Sales—It is hard to predict how this strategy will affect sales. Retailers are buying less, so sales may be less. But they are also buying more carefully, so sales may increase if they purchase better than their competition.
- Gross margin—Gross margin dollars will decrease if sales decrease. But it is difficult to determine the impact on gross margin percentage.
- Inventory turnover—If net sales go up or remain stable, but inventory goes down, inventory turnover will increase.
- GMROI—If the gross margin stays stable but inventory turnover increases, the GMROI will increase.

**Supermarket Store Design**

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


Think of your local grocery store: It probably has a grid-style layout, with many aisles in the center and a perimeter. The perimeter has undergone a reinvention in the past decade to make it more entertaining and solution-based. Yet the center of the store remains archaic, a boring setup with too many products.

The perimeter of your local store likely hosts the produce section, with its attractive fresh fruits and vegetables and new products, such as organic options and exotic varieties. The bakery also locates on the perimeter, making it part of the overall shopping experience as its baking aromas penetrate the store. Bakers dress in old-fashioned aprons and hats, giving the perception of freshness. And then the seafood section highlights its sushi chefs, who make sushi fresh daily.

Many perimeters also host sample kiosks, where customers can taste a prepared meal and then immediately purchase all of the ingredients. They do not have to wander the store to find the
necessary ingredients. Thus, these destination areas on the perimeter have become positive influences on the customer’s experience.

The center store, in contrast, has not become any more interesting. Consumer packaged goods line the shelves, including five different brands of ketchup, each offering 15 different sizes, on the same wall. Most stores do not select their SKUs carefully; they just throw everything on the shelf for the customer to choose. When new products are introduced, they simply are added to the shelf, without removing other offerings. Thus, chips have their own aisle, as do cereals.

To reinvent the center of the store, grocers will need to increase the "shopability" of the area. Products should be merchandised on the basis of a solution-based management system rather than on a product category basis. Imagine a "We Plan, You Party" kiosk for a picnic, featuring Glade candles, Zip-Loc bags, and Raid insecticides. Customers gain a sense of why they should buy all of the products on the stand. By thinking about how the customer shops for products, supermarkets can make the shopping experience much more enjoyable for customers and more profitable for the stores.

Discussion Questions:

Why does the “center store” of grocery stores need a boost?

The center store has many products, but it does not have added value like the perimeter of the store has.

What can be done to help the center store?

The center store can be merchandised with solutions in mind. By grouping products that would be purchased together in one area, customers can easily shop through the store, as well as have a better shopping experience.

Is Starbucks Getting too Promotional?

Use with Chapter 15, Retail Pricing


Starbucks is making changes to its strategy during the recession. Howard Schultz, the CEO, reunited with the company about a year ago, with the intention to revive the experience that had disappeared in the course of the company’s tremendous growth. Now that the economy has tanked, the strategy also has to encompass a way to provide additional value to customers.

For example, Starbucks is now offering a combined breakfast food and coffee pairing, consisting of the beverage plus coffee cake or oatmeal for $3.95. This is the first time the company has offered bundle discounts.

When McDonald’s entered the premium coffee and espresso business, with its McCafes, it came directly after Starbucks, mocking its snobby atmosphere in advertising. A billboard even reads “Four bucks is dumb.”

Yet most Starbucks drinks are less $4. A recent study showed that the average Starbucks latte is $3.25, and some sizes and varieties were cheaper than parallel offerings at Dunkin’ Donuts, a
competitor perceived to have a lower price position in the market. McDonald’s remains the cheapest though.

Another change at Starbucks is a loyalty discount: A customer who shows a receipt for a beverage purchased that morning receives a $2, 16 oz. cold drink in the afternoon. Starbucks thus is not just holding on to its original edge in the market but also is pursuing promotions, just like its second- and third-tier competitors.

In this recession, strategic changes are absolutely necessary to connect with customers with tight wallets. However, Starbucks cannot forget that it is not selling $100 meals; it is selling $3.50 coffee, still an affordable luxury for most consumers that continues to offer value.

Discussion Questions:

How is Starbucks changing in the recession?

Starbucks is offering a discounted combination coffee-and-breakfast, as well as a discount to regular customers.

Is this a sustainable strategy for Starbucks?

Yes, it will be sustainable because Starbucks’ customers appreciate the help that the company is offering them in this economy, even if it just some pocket change.

No, it is not a sustainable strategy, because Starbucks is making itself too similar to its competitors, which already are perceived as lower priced options in the coffee category.

The Science of Shopping

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


Understanding how a customer shops can be beneficial to retailers as they design their stores and determine which products to offer. Tests that measure customers’ brain activity when they are exposed to certain products in a lab environment and video monitoring cameras that show how long customers spend in different parts of the store offer some sophisticated insights. But retailers still cannot read customers’ minds.

Sainsbury’s, a U.K. supermarket, designs its stores according to how customers likely think. To help customers get into a shopping state of mind, it offers a “decompression zone” at the entrance of the store. Multipacks of beer appear in sale displays, and other promotions signal to the customer that good deals are to be had, just inside the store.

In the next part of the store, the “chill zone,” customers can browse magazines and DVDs and clear their minds. The following section offers up fresh fruit and vegetables. This part of the shopping trip makes customers feel good about their grocery shopping, because after they have filled their basket with healthy foods, they feel less guilty about the unhealthy products that they will reach for later.

Products that customers always buy, such as milk, are located at the back of the store so that they have to walk all the way through and perhaps get enticed by other products on the way. The prepared food area, including the butcher, the deli, and the bakery, make customers hungry, with their attractive foods and aromas. Some smaller stores house a bakery even if they do not
actually bake products on site. Instead, they heat up frozen dough or baked items to produce a nice smell.

Scents are powerful triggers, so the stores outfit their laundry aisles with the smell of laundered sheets. For suntan oils, the smell of coconut reminds customers of being on a beach in a tropical place. Scent triggers emotional connections to products. Although there are many factors that influence rational buying decisions, the emotional elements are just as important and actually help the customer make a final decision.

**Discussion Questions:**

**What do some retailers do to influence purchases once the customer is in the store?**

Retailers design the store by strategically placing the different sections in a logical order for customers. Other influences include aromas and attractive prepared foods.

**How is this description of a typical Sainsbury’s story different from your local grocer?**

Compared to the big supermarket I visit on weekends, a lot of the elements are the same, though it does not offer me different smells in different parts of the store. However, compared with the little grocer that is just down the street from me, it is completely different, because Sainsbury’s seems focused on customer comfort, not convenience or low price.