Dear Professor:

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

- Home Depot's Supply Chain Remodel
- Ethnic Malls Are Buzzing
- Beijing Loves IKEA -- But Not for Shopping
- PetSmart Considers In-Home Services
- Retailers Cut Back on Variety, Once the Spice of Marketing
- Six Strategies Retailers Are Using to Expand Their Facebook Networks
- Macy's Tailors Stores to Match Local Tastes
- The Web Knows What You Want
- Tiffany sues to keep H&M away in Century City
- American Eagle Outfitters Launches Mobile Commerce

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http://www.cba.ufl.edu/mkt/retailcenter/research/publications.asp
Class Discussion - Doing Well in a Bad Economy

The recession of the past two years has dramatically affected the retail industry as debit burdened consumers have put away their credit cards and stopped buying. Rick Newman of Business Week (October 9, 2009) analyzed financial data to see which retailers have made gains since the recession began near the end of 2007. His top ten list is:

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 attractive to consumers or small businesses unable to get loans to help finance big-ticket purchases, renting is an attractive option.

Aeropostale. (Revenue increase: 28 percent.) 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. The budget prices are popular with their parents as well.

Amazon. (Revenue increase: 38 percent.) 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.

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 poor economy is obviously a boon for stores that sell really cheap stuff, and most "dollar" stores have been thriving. It offsets its bargain-basement image with an upbeat ambience and frozen foods in some locations.

GameStop. (Revenue increase: 26 percent.) 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.

O'Reilly Automotive. (Revenue increase: 84 percent.) 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.

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 offered by customers.
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. The world's biggest office-products company has been growing by expanding popular services like printing and copying. Staples also has 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 private label products, giving Ulta outlets far more selection than a drugstore and discount prices lower than department stores.

A slide show of these 10 retailers is at http://www.usnews.com/money/business-economy/slideshows/10-retailers-gaining-strength-from-the-recession/. Discuss with the class why these ten retailers weathered the storm so well.

Field Trip to a Retail Distribution Center

Several instructors take their classes for a tour of a local retail distribution center. While student are familiar with the front end retail operations, they rarely get to see the back end. A DC with 800,000 sq. ft. and 75 inbound and 75 outbound truck bay moving 30,000 carton an hour is quite impressive. Most DC managers are very cooperative in providing guided tour. Most multi-channel retailers have separate distribution operations for stores and Internet/catalog, and these operations are very different. So when selecting a DC to visit, consider which type will be more interesting to your students and fit best with what you are trying to accomplish in class.

PowerPoint Slides

Go to the teaching retail website at the Miller Center for Retailing Education and Research http://www.cba.ufl.edu/mkt/retailcenter/teachretail/instructors.asp for PowerPoint slides and the retail topics covered in Levy & Weitz Retailing Management textbook and slides on Family Dollar and Office Depot’s retail strategy, managing labor costs at Advanced Auto Parts, and Michaels’ new store design.
Home Depot's Supply Chain Remodel

David Maloney, DC Velocity, August 2009

Use with Chapter 10, “Information Systems and Supply Chain Management”

“Supply chain had not been the focus of the company for many years," says Mark Holifield, who joined Home Depot as senior vice president of supply chain management. "Management instead had [its] focus on growing its stores." This focus on sales growth coupled with the downturn in the housing sector led the company to reassess its supply chain strategy. Home Depot did not have a formal distribution network. Vendors shipped merchandise directly to the retailer's stores. However, smaller stores lacked the space to stock sufficient merchandise making them particularly vulnerable to stock-outs. After conducting a distribution network study, they came up with a strategy for rebuilding Home Depot's distribution process and reining in costs by centralizing operations.

At the core of the new strategy is construction of 24 rapid deployment centers (RDCs). These will be flow-through distribution facilities engineered for cross-docking of large volumes of merchandise. Very little merchandise will be stored in them. Items not suitable for cross-docking at the RDCs will continue to be shipped directly to stores. With the RDCs in place, the significant storage areas in stores will no longer be needed.

Home Depot is already seeing some benefits such as increased flexibility. With products now flowing through the centers, decisions on which products to ship to which stores can be postponed until the last minute. As a result, the company is doing a better job of store replenishment. Out-of-stocks have been reduced by half. Customers now find product available 98.8 percent of the time, says Holifield. Because replenishment functions have migrated closer to stores, overall inventory has also been reduced by $1 billion on a year-over-year basis, he adds.

Discussion Questions:

What made Home Depot’s supply chain in need of an overhaul?
The downturn in the housing sector and decline in sales growth led Home Depot to focus on reducing inventory levels and costs in its supply chain. It could no longer afford to ignore the high costs in the logistics side of its business. In addition, stores were vulnerability to stock-outs that inconvenienced customers.

What are they doing to fix it?
Home Depot is rebuilding their distribution process and reducing costs by centralizing operations and using distribution centers versus direct store delivery. This is a big change for Home Depot, which had previously left many key merchandising decisions to the individual stores. At the core of the new strategy is the construction of 24 rapid deployment centers (RDCs). These flow-through distribution facilities will enable swift cross-docking of merchandise from inbound trucks with vendor merchandise to outbound trucks going to its stores. Most products will ship within 24 hours of arrival. With the RDCs in place, the storage areas level needed in stores and paper work down at the store will be reduced.

What are the benefits realized by the use of distribution centers versus direct store delivery?

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<thead>
<tr>
<th>Benefits of Using DCs</th>
<th>Benefits of Direct Store Delivery</th>
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<tbody>
<tr>
<td>• Lower inventory in the supply chain</td>
<td>• Faster delivery to stores. Thus direct store delivery is often used for distributing perishables and hot merchandise like new video games.</td>
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<tr>
<td>• Lower costs in transporting merchandise from suppliers to stores</td>
<td></td>
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<tr>
<td>• Less need for storage space in stores</td>
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<tr>
<td>• Reduced stockouts</td>
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Ethnic Malls Are Buzzing

Husna Haq, Christian Science Monitor, August 31, 2009

Use with Chapter 7, “Retail Locations”

Ethnic malls have been sprouting up in cities across the U.S. for more than a decade. “We are not affected at all” by the recession, says Wan Wu, manager of the 80,000-square-foot Kam Man Mall. “Our business has been growing since we opened 6-1/2 years ago.” With sales up 10 percent in each of the past two years, he’s looking to open a second supermarket in a Boston area Asian mall.

As traditional malls across the United States struggle with the most severe recession since the 1930s (regional mall vacancies hit 8.4 percent last quarter, a nine-year high), many ethnic malls across the country are enjoying steady business. In the land that popularized the mall, these newcomers are outdoing their mainstream counterparts. Ethnic malls target an underserved niche market. It also doesn’t hurt that the size of the market niche, in many cases, is growing. Part of ethnic malls’ secret is that their niche markets are more reliable and well protected in a recession than traditional mainstream segments.

The combined buying power of African-Americans, Asians, and native Americans was $1.5 trillion in 2008, almost 14 percent of the nation’s total buying power, according to the group. Hispanics controlled $951 billion in buying power last year, up 349 percent from 1990. That figure for Hispanics is supposed to hit $1.4 trillion by 2013, sending manufacturers, marketers, and retailers scrambling to profit from the exploding ethnic market.

Apart from a financially resilient customer base, ethnic malls themselves are better poised to weather a recession. While mainstream malls are anchored by high-end department stores and higher priced restaurants, the retailers most vulnerable in a recession, ethnic malls are usually anchored by supermarkets, low-cost eateries, and service retailers. For example, banks in Asian malls help customers with overseas accounts, money transfers, and currency exchange.

Discussion Question

Why are ethnic malls doing so well in spite of the current recession?

Ethnic malls are doing well because they appeal to a large and growing target and tailor their offering to the target market. Minorities control over $1.5 trillion of the buying power in the US. Also minorities are amongst the fastest growing populations. Finally, the ethnic malls are structured differently. The malls are anchored by supermarkets or low-cost eateries and present consumers with more than just products. They offer customers services that are compatible in their lifestyles. Minorities tend to use cash more often and tend to save more so they are better prepared for the recession.
Beijing Loves IKEA -- But Not for Shopping

David Pierson, Los Angeles Times, August 25, 2009

Use with Chapter 5, “Retail Market Strategy”

Welcome to IKEA Beijing, where the atmosphere is more theme park than store. When the Swedish furniture giant first opened there in 1999, it hoped locals would embrace its European brand of minimalism. Purchasing anything at Yi Jia, as the store is called in China, can seem like an afterthought by consumers.

The store’s success can be traced, in part, to how grounded it is in Beijing’s zeitgeist. At a time when home ownership is more within reach and incomes are rising, IKEA offers affordable, modern furniture to an emerging middle class clamoring to be bai ling, or white collar.

Many consumers arrive with the intentions of relaxing, sometimes bringing a book to read on a bouncy Poang armchair or carrying stuffed toys for their children to play with on a mattress. Some families plan a day around visiting an IKEA store. For example, one family mapped out a five-hour outing. First, they had hot dogs and soft ice cream cones in the store. Then they enjoyed a long rest lounging on the beds. The wife made herself comfortable and answered shoppers’ questions about the quality of the mattress. "It’s soft and a great buy at this price," she told a young woman. Then the family took group pictures. By 5 p.m., it was time for another meal, so they headed to the cafeteria.

The store’s nerve center is the cafeteria. The company operates seven stores in China, though there have been indications that profit remains elusive. "The brand awareness is great, but the question is, how do we get people to open up their wallets and spend money?" IKEA has the added challenge of copycats. Brazen customers are known to come in with carpenters armed with measuring tapes to make replicas.

Discussion Question:

Should IKEA maintain its policy of tolerating this consumer behavior?

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<th>Pros</th>
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<td>- The policy builds the reputation of the brand and will eventually result in sales as the disposable income in China grows</td>
<td>- The policy leads customers to abuse IKEA’s hospitality and doesn’t generate profits.</td>
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<td>- The long-term effect may be an image of a place to go for fun but not to buy merchandise</td>
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PetSmart Considers In-Home Services

Tom Ryan, Retail Wire, September 24, 2009


PetSmart is testing an expansion of its current business into in-home services including dog walking, backyard pet clean-up and aquarium set-up, in an effort to help differentiate itself from mass retailers such as Wal-Mart Stores Inc. PetSmart currently offers grooming, training and kenneling at many of its 1,137 stores.

PetSmart’s new strategy is a response to Wal-Mart’s big push into the pet category. Besides upgrading the quality of pet products, Wal-Mart is repositioning pet food and supplies right in front of its other fast-growing business, such as baby products. "We are concerned, as most of the overlap with Wal-Mart is in food and consumables, which is a traffic-driving category for PetSmart," Mr. Strasser said. Conversely, any move by PetSmart into at-home services would put pressure on the many mom & pops currently supplying those services.

Discussion Questions:

What type of growth strategy is PetSmart employing if it goes into at-home pet services?

This expansion into services would be a format development growth strategy – new format/product offering to an existing market.

What are the pros and cons of this strategy?

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<td>• PetSmart is a well known retailer with a positive brand reputation and thus can quickly gain acceptance for these new services</td>
<td>• This is a new type of service that can not be easily monitored and supervised in a store.</td>
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<tr>
<td>• It already offers services successfully</td>
<td>• The potential inconsistency of providing services could damage PetSmart’s image</td>
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Will it help differentiate the chain from retailers like Wal-Mart?

This strategy will indeed help differentiate PetsMart from Wal-Mart because they are better able to offer more personalized service to customers. Also these services are far more personal and customer orientated then the average customer service and difficult for Wal-Mart to undertake.
Retailers Cut Back on Variety, Once the Spice of Marketing


Use with Chapter 12, “Managing Merchandise Assortments”

For years, supermarkets, drugstores and discount retailers packed their shelves with an ever-expanding array of products in different brands, sizes, colors, flavors, fragrances and prices. Now, they think less is more. Many retailers are slicing their SKUs in their stores by at least 15%, industry executives and analysts say. This reduction is a challenge for manufacturers, who have grown accustomed to churning out incremental variations on popular products to maintain shelf space and keep their brands fresh in consumers’ minds. For consumers, the shift means less variety but also less trouble sorting their way through a sometimes-bewildering variety of offerings.

Reducing the variety of products made can make it harder for producers to maintain shelf space but it helps them focus their marketing money on the most profitable items.

Product choices, including larger package sizes, began to multiply in the 1990s as supermarkets and other retailers sought ways to compete with Wal-Mart and Costco. Supermarket companies were building larger stores, which required more products.

By 2008, nearly 47,000 distinct products filled a typical food retailer’s shelves, up more than 50% from 1996, according to survey data from the Food Marketing Institute, a trade group.

Databases drawing on sales and customer "loyalty cards" purchases have armed retailers with vast detail about consumer preferences. More consolidated than ever, the retail industry is systematically wielding new information to reduce the depth of assortments. Among the advantages, retailers say, are lower labor costs, fewer out-of-stock items and an increase in their ability to squeeze vendors for better deals. Also national chains also have grown more adept at creating profitable private-label brands, giving them another incentive to remove competing name-brand products.

Discussion Questions:

Why are retailers cutting back on their assortments?
The primary reason is to reduce inventory levels. Each SKU requires backup stock. Thus eliminating SKUs reduces the level of inventory. Also, reducing SKUs simplifies the customer’s decision making process. Retailers don’t care which SKU a customer purchases in a category as long as they purchase an SKU from their store.

What effect will these cutbacks have on inventory turnover and GMROI?
Inventory turnover and GMROI will increase since inventory decreases, assuming sales don’t decrease significantly due to lost sales.

Do you believe that consumers will embrace these cutbacks? Why or why not?
As long as the popular brands with high loyalty are maintained in the assortment customers will be satisfied. But if they cut back on items that are important to customers, or if the store starts to look too empty, then customer satisfaction will be adversely affected.
Six Strategies Retailers Are Using to Expand Their Facebook Networks

Amanda Ferrante, July 29, 2009, Retail Wire

Use with Chapter 16, “Retail Communications Mix”

Reaching some 250 million users, the Facebook platform can be a great media to communicate with customers. The typical objectives for using Facebook are brand building, community building and intelligence acquisition. Here are innovative ways retailers are addressing these kinds of objectives:

- Offer information that's not only relevant to the store, but to the industry. Focus on providing more information that gives a backbone to the name rather than simply coupons and announcements.
- Use the status feature on Facebook to ask fans questions about merchandise and fashion preferences, like what colors and styles shoppers are interested in. Also ask questions that provide richer information, not necessarily relevant to merchandise, but to learn more about customers, like 'What concerts you're looking forward to this summer?'
- Provide goodies and incentives for consumers to become a fan, e.g. a free $10 Sears coupon.
- Offer Facebook fans an exclusive free gift, but require that they fill out a form that asks for basic customer information and bring it into a store. This effort has potential to increase store traffic and help to enhance the retailer's contact database.
- Retailers can developed an application that enables people to show their recent purchases and brand preferences on their personal Facebook pages, creating an opportunity to make a huge viral impact.
- Have consumers engaged and share pictures, stories and what they have learned about the product. This will give them the opportunity to listen to those same customers and learn from them.

Discussion Questions:

What innovative ways are retailers using Facebook?

Retailers are providing incentives to consumers in order to increase their fan base. They are also creating applications and adding discussion boards to increase customer engagement as well as gaining insight on the customers’ perspective by asking them to fill out surveys.

What are the objectives of retailers’ Facebook initiatives?

Their objective is to increase their consumer fan base, gain insight on consumer perspectives and provide knowledge to consumer regarding the company and/or product.
Macy's Tailors Stores to Match Local Tastes

Maria Halkias, The Dallas Morning News, July 28, 2009

Use with Chapter 12, “Managing Merchandise Assortments” and Chapter 18, “Store Layout, Design, and Visual Merchandising”

Macy's Inc. is introducing a new strategy called My Macy’s to match merchandise to local shoppers' preferences in all its markets. All 808 Macy's stores will have assortments that are tailored toward the needs of local customers. For example, a store that's opening in Fairview, north of Dallas, is one of three 120,000-square-foot stores built from the My Macy's perspective. For instance, there's no fine china department, but women's accessories, sportswear and cosmetics are larger than normal. Without a bridal registry department, more space is given to bed and bath, and to kitchen utensils. The Fairview Macy's also has a Starbucks with seating, Wi-Fi and three computers available for customers to check e-mail or place orders on macys.com. It also has dressing rooms with interior lounge areas so mothers and daughters can consult outside of a tiny room. The new stores are the culmination of 18 months of research by 30 people in operations, design and merchandising to create "a store from the customer's point of view," said Karen A. Meskey, Macy's senior vice president for store planning and design.

When Macy's acquired 11 regional brands in its 2005 merger with May Department Stores, the result was a redundant mishmash. Thirteen divisions were consolidated first into seven, then into four huge divisions, with buyers in Atlanta, for example, deciding what to put in Pittsburgh. It wasn't working. In February 2009, Macy's began consolidating into one central organization. Macy's now has a team of 20 district merchants and planners in each of its 69 markets. Each team is responsible for 10 stores.

Discussion Questions:

Why is Macy's retreating from its fairly recent “one-store-fits-all” strategy?
They are retreating from the “one-store-fits-all” strategy because they realized that individual markets and stores have different needs. So it decided to tailor assortments to local markets through the My Macy's program. This will create merchandise assortment that better meets their customers’ needs. The new strategy creates assortments from the customer's perspective.

What are the pros and cons of the new strategy?

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<tr>
<td>• More appealing to the needs of the local market and thus should increase sales</td>
<td>• Increases the inventory in the system because the number of SKU's are increased.</td>
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<td></td>
<td>• Decreases the buying power because more SKU's</td>
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<td></td>
<td>• Stores will no longer be homogeneous – each Macy's a customer might patronize may have a different assortment, which may be disorienting.</td>
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Do you think the new strategy will be more successful? Why?
Yes, I feel it will be successful because it is tailoring its stores to the local markets. The key is having the right merchandise at the right time in the right stores. For example, there should be more shorts and flip flops in the fall in Miami, and coats and snow boots in Boston.
The Web Knows What You Want

Stephen Baker July 16, 2009, Business Week Online

Use with Chapter 3, “Multichannel Retailing,” and Chapter 4, “Customer Buying Behavior”

Every once in a while in most Web surfers' lives, a suggestion pops up on the screen. Where does this suggestion come from? Is it simply the retailer trying to sell some slow moving merchandise or is it based on the growing rivers of behavioral data, from mouse clicks to search queries—all crunched by ever more powerful computers. But as computers scrutinize shoppers in greater detail, they're edging closer to their ultimate goal: teaching computers to make suggestions similar to those made by a savvy flesh-and-blood sales clerk.

This dissection of online shopping data comes amid growing fears about invasions of online privacy. But unlike the most controversial advertising technology, that tracks Web surfers' wanderings from site to site and insert ads, many of these recommendation methods limit their scrutiny to customers' behavior on a retailer's own Web pages. Much of the analysis looks simply at the patterns of clicks, purchases, and other variables, without including personal information about the shopper. In most cases, personal details are incorporated only if customers register on the site.

In the early days of e-commerce, most of the analysis focused on simple buying patterns among shoppers. Amazon and others introduced so-called collaborative filtering in the late '90s. Collaborative filtering involves finding other customers that have bought a similar set of books (or other products) and suggesting other books that a group of people have bought but the person receiving the recommendation has not.

The newest software quantifies the crazy quilt of relationships between every item sold by the retailer and the characteristics of the customer. It analyzes which type of customer buys each product, and what else they buy or look at. This adds up to hundreds of billions of relationships. Some of these recommendations might be unusual, but there are data supporting the recommendations.

For example, a shopper at the retail site FigLeaves.com takes a close look at a silky pair of women's slippers and gets a recommendation for a man's bathrobe. This type of surprising connection will happen more often as e-marketers adopt a new generation of predictive technology. Why the bathrobe? The software found that certain types of female shoppers at certain times of the week are likely to be shopping for men. Like all recommendations, this one will probably not be too helpful.

Discussion Questions:

**How do Internet retailers know what items to recommend to its customers?**
*They know through software that analyzed behavioral patterns and relates characteristics of the customer to purchases of those of other customers. For example, the software might find a set of customers that have bought a similar set products, like books, and then suggests books that the set has bought, but the person receiving the recommendation has not.*

**As a consumer, do you like and appreciate these recommendations, or do you feel it is an invasion of your privacy?**
*I appreciate these recommendations simply because they are not been too intrusive. Whenever I shop at Amazon I always find a good read through their recommended books due to the fact that they have matched the similarities in my interest with other customers with similar interests. I just take the recommendations as suggestions which may be helpful.*
Tiffany Sues to Keep H&M Away in Century City

Los Angeles Times, September 10, 2009

Use with chapter 8, “Retail Site Location”

H&M is one of retailing's hottest clothing chains, but Tiffany & Co. doesn't want it for a neighbor. The storied jeweler sued its landlord at the Westfield Century City shopping center Wednesday, alleging the planned H&M store under construction nearby would tarnish its high-end image at the open-air mall, which caters to an affluent Westside clientele.

Tiffany said its contract with Westfield forbids retailers "whose merchandise and/or price points are not considered to be luxury, upscale or better by conventional retail industry standards" to use or lease certain spaces within, fronting or adjacent to the Tiffany store.

"The location of the H&M store will cause irreparable injury to Tiffany's business reputation as a luxury retailer, a reputation that Tiffany has enjoyed and worked hard to maintain for more than a century and a half," the lawsuit said. "Cheap chic is not the image that Tiffany wants in their stores."

The majority of Century City's are high end but others are reasonably priced such as The Container Store and Sephora. Some speculate that Tiffany might be putting the lawsuit forward in efforts to obtain a decrease in rent.

Discussion Questions:

Why doesn’t Tiffany want H&M in the same shopping center?

The reason Tiffany does not want H&M in the same shopping center is because H&M might cause people to change their brand perception of Tiffany’s as a luxury retailer. Tiffany might also be using this lawsuit as a ploy to get its rent reduced.

What clause in its lease might stop the landlord from allowing the new tenant in the mall? (hint: see p. 242)

The Prohibited use clause.
American Eagle Outfitters Launches Mobile Commerce

Yahoo Finance, September 10, 2009, 9:00

Use with Chapter 16, “Retail Communication Mix”

American Eagle Outfitters has launched its mobile commerce program. In addition to browsing and buying, customers can now experience expanded functionality of AE’s website [www.ae.com](http://www.ae.com) from their mobile devices, including Find a Store and Wish Lists. “Mobile commerce is still in its early stages, but as an early adopter of technology and a leading lifestyle brand, it is important to AEO to be among the first to offer it to customers as another way to interact with our brands” said Mike Dupuis.

Mobile devices are growing rapidly as a means for consumers to access the brands they love, particularly among AE’s target demographic of 15- to 25-year-olds. Since November 2008, American Eagle Outfitters has had an opt-in SMS texting program in which customers sign up to receive targeted messages about special offers, new product introductions and promotions on their mobile phones. This program has been highly successful, with hundreds of thousands of customers opting in.

American Eagle Outfitters has a mobile Web platform offering a universal solution, supporting all Web-enabled devices, carriers, mobile browsers, screen and file sizes, and technologies. American Eagle Outfitters’ mobile strategy is designed to make their brands accessible to customers anytime, anywhere, as well as bridge the gap between online and stores.

**Discussion Question**

**How is American Eagle Outfitters using m-commerce?**

They are using mobile commerce by having the website, [www.ae.com](http://www.ae.com) accessible through mobile devices as well as having a strong SMS texting program geared to text messages.

**Would this application of m-commerce spur you to purchase more at AEO? Why or why not?**