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

- **Lululemon Envy Has Retailers From Gap to Nordstrom Chasing Yoga Devotees** (Chapters 5 and 13)
- **Localizing the Message** (Chapter 15)
- **Mistakes and Musings** (Chapter 15)
- **The Genius of Target's Missoni Madness** (Chapters 12 and 15)
- **How Bad is the Economy? Wal-Mart Revives Layaway** (Chapters 14 and 15)
- **Nordstrom Offers Free Shipping and Returns** (Chapters 3 and 18)
- **Best Buy, Sears, Target Lead in Cross-Channel** (Chapters 3, 15 and 18)
- **Experts Offer Tips on Reducing Cart Abandonment** (Chapter 3)
- **Why In-Store Implementation Is the Next Frontier** (Chapters 5 and 6)
- **New Target.com Forgot the Customers** (Chapter 3)
- **Sears in Push to Lease Space to Outside Retailers** (Chapter 7)
- **Marketers: Don't be Creepy with Social Media** (Chapter 15)
- **Chanel Files Internet Trademark Lawsuit in Vegas** (Chapter 13)

If you are interested in the text book please visit [www.mhhe.com/levy8e](http://www.mhhe.com/levy8e). Simple registration is required to gain access to the newsletters and other instructor materials. If you would like to see this newsletter and the previous editions, go to:
[http://www.warrington.ufl.edu/mkt/retailcenter/research/publications.asp](http://www.warrington.ufl.edu/mkt/retailcenter/research/publications.asp)
Teaching Tips

Short Videos Available on the Web

100 days left until Christmas
Retailers have already started selling Christmas and holiday merchandise.
• Use with Chapter 4, “Consumer Buying Behavior,” Chapter 5, “Retail Market Strategy.”
• 3:44 minutes
• [http://www.cbsnews.com/video/watch/?id=7381149n](http://www.cbsnews.com/video/watch/?id=7381149n)

Tesco in Korea
Tesco creates virtual stores in Korea. Koreans can shop while they wait for the Subway.
• Use with Chapter 3, “Multichannel Retailing,” Chapter 5, “Retail Market Strategy.”
• 2:31 minutes
• [http://www.youtube.com/watch?feature=player_embedded&v=fGaVFRzTP4](http://www.youtube.com/watch?feature=player_embedded&v=fGaVFRzTP4)

Mobile Commerce
Google discusses its new Google Wallet and how mobile commerce is becoming a big part of retailing.
• Use with Chapter 3, “Multichannel Retailing.”
• 2:53 minutes

Lowest Retail Prices
Amazon.com, not Walmart has the lowest retail prices.
• Use with Chapter 5, “Retail Market Strategy,” and Chapter 16, “Retail Pricing.”
• 2:26 minutes
• [http://www.youtube.com/watch?v=rSlz-NYC6-0&feature=player_embedded](http://www.youtube.com/watch?v=rSlz-NYC6-0&feature=player_embedded)

Retail Tricks of the Trade – Pricing Strategies
• Use with Chapter 14 “Retail pricing
Additional Material for Teaching Retail Classes

A website, part of the University of Florida Miller Center for Retailing Education and Research, provides materials for retail class instructors including:

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

The website is available at http://warrington.ufl.edu/mkt/retailcenter/teachretail/

Please consider sharing your materials with other instructors through this website by sending your course syllabi, classroom exercises, projects, teaching types, etc. to bart.weitz@warrington.ufl.edu or mlevy@babson.edu


Lululemon Envy Has Retailers From Gap to Nordstrom Chasing Yoga Devotees

Ashley Lutz, Bloomberg, September 9, 2011

Use with Chapter 5, “Retail Market Strategy” and Chapter 13, “Buying Merchandise”

Retail brands like Nike, Gap, and Nordstrom are looking to duplicate Lululemon’s sales efforts. Lululemon was founded in 1998 by Chip Wilson in Vancouver, Canada after he took a yoga class and found that there was no clothing appropriate for yoga. Since then, the company has grown at an exponential rate. Lululemon has had a compound annual growth rate of 52.3% from 2005 to 2009, and are expecting revenue for fiscal year 2011 to reach almost $950 million.

With U.S. sales of women’s athletic clothing rising 2.6% last year, the athletic apparel market is very competitive. Other retailers are trying to grab a share of this growing market. Lululemon sells activewear at a higher price point than other retailers. Yoga pants, for example, average $98.00 per pair. Lululemon, once a pioneer in the field of women’s athletic wear is now facing stiff competition. Gap’s brand, Athleta, offers a more affordable alternative. Nike is trying to duplicate Lululemon by developing a yoga culture that makes consumers feel that they are part of a community. Nordstrom’s launched the Zella line of athletic wear to capture some of Lululemon’s customers.

Lululemon is also finding that women are starting to spend more again on dressy work clothes and special occasion outfits. This might mean that consumers now have less discretionary income to spend on yoga clothing and athletic apparel.

Discussion Questions:

Do you think these other retailers can be successful with Lululemon-type merchandise?

Ask students to discuss whether other brands like Gap, Nike, and Nordstrom can compete in this market. With Lululemon’s high price points, these other retailers might be able to capture some of the market share by offering a less expensive product. Or, companies like Nordstrom, may be able to capture Lululemon customers because of its additional product assortment.

Will it be a fad or a long-term fashion?

While the women’s athletic apparel market grew 2.6% last year, and Lululemon has grown significantly since its inception, it is hard to determine if this growth is sustainable. Some analysts believe that the trend in women’s clothing is away from athletic apparel and more towards dressy work clothing and special occasion clothing. This might make Lululemon’s clothing less attractive to the female customer. Ask students to discuss whether or not they believe the trend in expensive active wear is sustainable for companies like Lululemon. Are companies like Nike, Gap, and Nordstrom more equipped to respond to changing consumer tastes?
Localizing the Message

Karen Kroll, Stores News, September 2011

Use with Chapter 15, “Retail Communication Strategy”

Applebee’s has always tried to be true to its “Eating good in the neighborhood,” tagline by maintaining a local focus and encouraging franchisees to stay connected to their local community. Social media has been instrumental in providing franchisees the opportunity to connect with their local customers. However, with 2,000 restaurants and 44 franchisees, executives at Applebee’s were worried that all of the different messages could potentially dilute the brand or differ from Applebee’s corporate driven initiatives.

National brands, like Applebee’s, are recognizing the need to create specific social media pages tailored to a local audience. For now, Applebee’s is mostly focusing on Facebook content rather than building YouTube and Twitter sites as well. They want to focus on one component of social media to build credibility and trust before trying to reach customers through multiple social media outlets.

Applebee’s is also realizing that the franchisor needs some control over individual franchisees or local sites to ensure that the Applebee’s brand image is being accurately portrayed. The company hired the firm Expion to help manage its online social media presence across franchises and to extend social media development from the brand level to the store level. Franchisees are allowed, and encouraged, to develop their own local social media pages.

A franchisee has to go through an approval process through corporate headquarters to post comments and post photos before they appear online. Reviews are usually approved (or sometimes denied) within several hours. In addition, corporate headquarters can send out mass updates, like new menu items or promotional initiatives. These updates will appear to customers as if they are coming from the local store rather than the corporate headquarters. In addition, when customers post negative comments, local and regional managers are alerted immediately. This provides managers with the opportunity to respond quickly to customer complaints and address problems. Applebee’s wants to create a connection with the customer and ensure them that Applebee’s is listening to their comments, both positive and negative.

This new system is paying off for Applebee’s. Since January 2011, Applebee’s has gone from 180,000 fans to over 1,000,000. Individual Applebee’s restaurants that use Facebook to promote events have also enjoyed significantly stronger sales.

Discussion Questions:

What are Applebee’s franchisees doing to communicate with its customers?

Applebee’s franchisees are developing local social media pages to engage local customers. In order to maintain the integrity of the corporate brand, all outgoing messages and pictures from local Applebee’s franchisees have to be directed through the corporate headquarters.

What are the advantages and disadvantages of local content and control over social media across stores?

A main advantage of local control of social media across stores is that franchisees can tailor messages to meet the needs of their specific customers. For example, a local Applebee’s in a warm climate might promote specials on cool, frozen drinks, whereas an Applebee’s in a colder climate might promote specials on warmer, comforting drinks. This eliminates
the generic messages and engages local customers. A major disadvantage is that local stores might misrepresent the corporate Applebee’s brand or portray an erroneous image. However, Applebee’s is working on safeguards to prevent dilution of the brand.
Retailers, even large national chains, are not immune to making mistakes. How retailers handle their mistakes are an indicator of their flexibility and adaptability in their competitive environment. Recently, Old Navy introduced a line of college t-shirts that featured the names and mascots of dozens of schools. Printed at the top of each shirt were the words “Lets Go!!!” These words were followed by the names of individual schools. Notice anything missing from this expression? Yes, the “lets” is missing its apostrophe. Immediately the websites and blogs were all publicly showcasing Old Navy’s grammar mistake. Another retail flub occurred during back to school when J.C. Penney offered t-shirts aimed at young girls. These shirts had controversial sayings like, “I’m too pretty to do homework, so my brother has to do it for me.” These t-shirts do not reflect the familial brand image that J.C. Penney is trying to develop.

Rather than wallow in their mistakes, these retailers took proactive measures to fix them. Old Navy immediately pulled the flawed t-shirts and outlined a plan for replacing them as soon as possible. They also used a little self-deprecation to lighten the mood. Consumers trying to purchase the t-shirts online will receive the following message: “Sorry. This tee has been temporarily taken into custody. Thanks to the Grammar Police for catching it.” J.C. Penney took a more direct approach by immediately removing the t-shirts from the website and issuing a widespread apology to stakeholders. The retailers enjoyed positive publicity from their service recoveries and increases in web traffic as consumers tried to find the suspect merchandise.

**Discussion Questions:**

How can retailers turn a merchandising or communications mistake into something positive?

When retailers acknowledge their mistakes and take appropriate actions to correct the mistakes, this help builds trust with customers. J.C. Penney’s recognition that the line of t-shirts was possibly offensive made consumers feel better about the retailer. Old Navy used self-deprecation to diffuse bad publicity and ended up earning more positive publicity because of its mistake. Ask students if they have ever had any experiences with retailers making a communications mistake and how that mistake changed their opinion of the retailer.
The Genius of Target’s Missoni Madness

Lydia Dishman, Forbes.com, September 14, 2011

Missoni Was Just the Latest Target of ‘Retail Scalpers’

Jayne O’Donnell, USA Today, September 23

Use with Chapter 12, “Buying Merchandise” and Chapter 15, “Retail Communication Strategy”

Target is known for its limited-time offerings of designer items that are made especially for Target. This is part of Target’s initiative to make high-end fashion more affordable. In early September, Target launched a limited collection of made for Target merchandise from Italian designer label Missoni. What quickly ensued has been dubbed, “Missoni Mayhem!” Designer savvy shoppers were allowed to purchase the items online two hours before stores opened on the day of the launch. By noon of the same day, Target.com had completely crashed and shelves and racks that carried Missoni merchandise were almost completely bare.

Fashion consultants believe that Target has pulled off a unique concept of “mass exclusivity” that many retailers can never achieve. However, some critics have accused Target of intentionally running out of merchandise as a publicity stunt. For example, Target has previously partnered with Liberty of London and sold out of its merchandise in a relative short amount of time; critics believe that Target should have learned from this previous mistake. Friends or foes of Target cannot ignore that stock is up at that comp store sales are up from September 2010.

25,000 units of the Missoni line for Target showed up on eBay immediately after the line was launched at Target. Target has been the victim or retail scalpers- people who buy in bulk then sell products for a profit online or in stores. For example, a Missoni bikini that sold for $50 at Target sold for $100 on eBay. A Missoni ladies bicycle was priced at $399 at Target and sold for $1,800 online.

Stores like Saks Fifth Avenue and Abercrombie & Fitch put a cap on how many high-end designer products shoppers can buy in order to discourage online or gray market reselling. Representatives for Target have said that they will not limit the purchase of items even though much of the Missoni merchandise was purchased for resell.

Discussion Questions:

What happened when Target introduced its exclusive Missoni line?

When Target introduced its exclusive Missoni line three things happened. 1) The Target.com website crashed because of all the traffic. 2) Missoni merchandise immediately sold out online and in stores. 3) Retail scalpers bought large quantities of Missoni merchandise and resold it online.
Do you believe Target under-purchased on purpose?
Ask students if they believe that Target intentionally under-purchased. Target has developed relationships with designer brands in the past and knows how to anticipate inventory. Critics accuse Target of intentionally under-purchasing to create exclusivity and generate publicity.

What are the advantages and disadvantages of running out of stock on high demand items?

Advantages: Creates excitement with customers, generates lots of publicity, Target does not have to take markdowns on the merchandise, Target does not have to worry about merchandise becoming obsolete.
Disadvantages: Creates angry customers, could potentially lead to lost sales, might impact future designer brand launches for Target, customers might trust Target less.

Regardless of whether Target intentionally underbought the Missoni merchandise, was the outcome good or bad?
Ask students if they believe the impact was good or bad. Some students might say that the outcome was good because it generated revenue and publicity. Other students might disagree that Target lost customers and credibility.

Should stores like Target limit purchases of high demand merchandise?

Some stores, like Abercrombie & Fitch and Saks Fifth Avenue, limit purchases of high demand merchandise to minimize the risk of retail scalpers. Supply chain management and inventory problems may arise when mass quantities are purchased by an individual source. However, resellers often sell high demand items on eBay or other consumer-to-consumer sites, that increase global distribution and brand recognition of products.
How Bad is the Economy? Wal-Mart Revives Layaway

Miguel Bustillo, Wall Street Journal, September 9, 2011

Use with Chapter 14, “Retail Pricing,” and Chapter 15, “Retail Communication Mix”

Walmart is reintroducing its layaway program. This is in response to consumer complaints and demands, as well as increased competition. Toys “R” Us and Kmart have both offered layaway programs for several years. Layaway programs allow consumers to make payments on merchandise until the full selling price has been met. Retailers will set aside merchandise for consumers while they make the payments. Walmart will allow customers to use the layaway plan for toys and electronics costing $15 or more, as long as the total purchase amount exceeds $50.00. Part of Walmart’s holiday promotion strategy focuses on rollbacks for $15 toys like Lego sets, Disney dolls, and Transformers.

Walmart is implementing this program to help make Christmas shopping easier for consumers. To mitigate any inventory problems, customers must pay off their layaway purchases by December 16th. Walmart ended the layaway program in 2006, but says that it has learned from its previous mistakes by narrowing the assortment of products eligible for layaway.

While layaway programs are designed to help lower-income customers, the Better Business Bureau encourages customers to read the fine print. Consumers should understand what the down payment is and whether or not that can be recovered if full payment is not made.

Discussion Questions:

What is a layaway plan?

A layaway plan allows customers to make payments on a purchase over time without using a credit card. Retailers will hold purchases for customers for a specified amount of time, during which consumers can make payments towards meeting the final purchase price.

Which retailers are using layaway plans?

Retailers like Toys “R” Us and Kmart have been using layaway programs for several years. Layaway is especially useful during the holiday season for families purchasing toys and electronics as gifts for their families.

What types of retailers would find layaway plans useful?

Many retailers have proprietary (or in-house) credit cards that customers can use to purchase products and make payments over time. Retailers that don’t have proprietary credit cards might offer layaway as a pricing option to help ease purchasing burdens for customers.

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Nordstrom Offers Free Shipping and Returns

George Anderson, Retail Wire, August 30, 2011

Use with Chapter 3, “Multichannel Retailing” and Chapter 18, “Customer Service”

Many retailers offer free shipping and some e-tailers like L.L. Bean and Zappos offer free returns. Some retailers charge for returns via the mail, but do not charge when returns are brought back to a store. In a RetailWire poll, 93% of consumers said that being able to make returns of online orders was a competitive advantage.

Nordstrom is known for its outstanding customer service and wants to make sure that reputation extends to online interactions with customers. Nordstrom is offering free shipping and returns on all online purchases, regardless of size or cost. Nordstrom is also continuing to improve the online experience by improving form and functionality of its e-commerce site and investing in m-commerce initiatives.

Discussion Questions:

What will the offer of free shipping and returns on all online orders mean for Nordstrom’s reputation for customer service?

Many consumers evaluate a retailer’s returns policy before initiating an online purchase. Nordstrom’s generous returns policy will probably resonate favorably with consumers and enhance Nordstrom’s reputation for customer service.

Is the combination of free shipping and returns going to become commonplace in online retail anytime soon?

Free shipping is already commonplace for many retailers. Customers include the cost of shipping in their purchase decision. In order to drive online sales and remain competitive, more retailers will most likely offer free shipping on online purchases. Returns are difficult to manage from an inventory and reverse logistics perspective. Many e-tailers offer free returns, but retailers with brick and mortar stores will probably continue to encourage in store returns until free online returns become more commonplace in the competitive marketplace.

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Best Buy, Sears, Target Lead in Cross-Channel

Sarah Mahoney, MarketingDaily, August 29, 2011


Cross-Channel retailing involves selling merchandise through multiple channels (e.g. in stores, online, and m-commerce). While many retailers claim that they are engaged in cross-channel sales, studies indicate that retailers are not managing cross-channel marketing as well as they think. Surveys indicate that just 12% of retailers (excluding Walmart) had the in-store ability to access or review a customer’s online order. Research also indicates that almost 50% of retailers are not optimizing collaborative filtering, which is the process of providing tailored recommendations to customers.

Leaders in cross-channel marketing include Target, Best Buy, and Sears. Target, for example, leads the industry with mobile technology. Sears and Best Buy have an integrated platform to service customers both in stores and online. While some retailers are leading the way in cross-channel shopping, there are still numerous opportunities for retailers. Many retailers are not capitalizing on mobile commerce functions like GPA awareness. This means that retailers’ mobile sites are not providing store locators for customers and that retailers aren’t using mobile technologies to discover where the customers are.

Industry analysts encourage retailers to become savvier in their cross-channel initiatives as customers want to purchase more online, especially with increases in gas prices.

Discussion Questions:

What is cross-channel marketing?

Cross-channel, or multichannel, marketing involves selling products through multiple channels. Examples of channels include: internet, catalog, direct selling, stores, and mobile commerce. This article focuses on online sales, mobile sales, and in-store sales.

Which retailers are most successful at cross-channel marketing and why?

Retailers like Target, Best Buy, and Sears have achieved success at cross-channel marketing because they are able to integrate the customer experience across channels. Target, especially, has made significant progress in improving the form and function of its mobile commerce channel.

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Experts offer tips on reducing cart abandonment

Jonathan Carden, NRF Shop Blog, September 14, 2011

Use with Chapter 3, “Multichannel Retailing”

Virtual shopping cart abandonment is a plague to retailers. This phenomenon occurs when customers shop online, place items in their online shopping cart, and then do not complete the order. Current industry leaders suggest that customers abandon a cart when the price is not right or it is not the right time to purchase the product. Their suggestions for minimizing cart abandonment, or recapturing customers after they have abandoned the cart, are:

1) Address timing and price objections when trying to recapture customers who have already abandoned their cart.
2) Recognize that cart abandonment may not always be a bad thing and that it is a common part of the shopping process. It is more visible in the virtual world, but it happens in brick and mortar locations as well.
3) Try to recapture the customer within 12 hours (at the very minimum) of the customer abandoning the shopping cart.

A large, high-end retail chain also found that customers often enter checkout only to determine the final sales price or to modify their cart. Executives from this firm suggest that it is important for retailers to allow the customers to see the final sales price before the customer begins the checkout process. Online shoppers should also be able to make changes to their order and see the impact on the cart. Retailers should also make the check-out process as seamless and uncluttered as possible for customers.

Discussion Questions:

Why do online customers abandon their shopping carts?

Research suggests that the top two reasons that customers abandon their cart are pricing issues and timing issues. Either the price isn’t what the customer wanted to pay, or the timing is not right to make a particular purchase.

What can retailers do to reduce cart abandonment?

Retailers can make the final price more visible throughout the shopping process. Retailers can make it easier for customers to make modifications to their order without having to access the shopping cart. Retailers can also try to recapture customers quickly after the customer abandons his or her shopping cart.
Why In-Store Implementation Is the Next Frontier

James Tenser, Retail Wire, September 12, 2011

Use with Chapter 5, “Retail Market Strategy,” and Chapter 6, “Retail Financial Strategy”

Grocery store chains are quickly growing and increasing market share. However, this rapid growth doesn’t always equate to profit performance. Although the top 20 U.S. grocery retailers increased their market share from 39% to 64% between 1992 and 2009, net profits in the grocery industry have remained around one percent of sales. We often consider that as large retailers grow they are able to recruit better employees and make more capital investments in their supply chains and IT infrastructures. However, grocery store chains suffer growing pains as well. The larger grocery chains experience significant operational complexities, have to manage larger assortments, and become more disconnected between the home offices and individual stores. Even though grocery chains are growing, the out-of-stock rate remains unchanged for the past 15 years at 8.2%. More alarmingly, almost 80% of items sell fewer than three units per week.

For grocery chains, bigger may not always mean better.

Discussion Questions:

Do stores become more profitable as they become larger? Why or why not?

Some retailers may become more profitable as they become larger. Growth may help retailers gain more buying power and control in their supply chain, as well as increase brand recognition with consumers. However, for the grocery industry, growth has not led to increased profitability. Profit margins, inventory turnover, and out-of-stock rates have not improved in many years for larger grocery chains.

What can larger retailers do to become more profitable?

Grocery retailers, in particular, can reinvest in their internal infrastructures and supply chains to help manage inventory turnover and stockout rates. Considering that profit margins are so low in the grocery industry, these retailers should also examine ways to reduce operational costs, or investigate higher profit product categories to supplement their assortment plans.
New Target.com Forgot the Customers

Frank Hayes, StorefrontBacktalk.com, September 13, 2011

Use with Chapter 3, “Multichannel Retailing”

Unbeknownst to many consumers, Target used Amazon.com as a platform for its online presence for many years. Two years ago, Target ended this arrangement and began the arduous process of launching its own, proprietary website. The executives at Target jumped at the chance to create new content for the website, work out problems, and do something really innovative with its website.

Sometimes starting from scratch, though, isn’t as great as it seems. When the new website was launched, customers didn’t really understand that it was a completely new platform and were wondering why the website they had used the day before no longer worked anymore. For instance, customers could no longer use their passwords that worked the day before. Couples could no longer access or alter their wedding registries. Coupons were not showing up. Most annoyingly, any time there was a problem with the page, Target’s mascot dog appeared.

Although Target was able to quickly rectify the situation and improve the website to exceed the original, customers are still uncertain and favor the “old” Target website.

Discussion Questions:

Do you think Target bungled its new website launch?

Ask students whether or not they think that Target’s new website launch was successful or unsuccessful. Even though the end product may be better than the original, did the launch alienate some of Target’s current customers because of the problems with the system?

What’s the best way to prepare and reassure customers for likely problems encountered as part of such overhauls?

Target may have been better served by announcing to customers that the website was being upgraded and that they may experience some technical difficulties. Because customers were not expecting problems, they were perhaps more critical of the problems they encountered with the website. Target could also offer some type of sales promotion or compensation for customers who experienced the most problems with the launch of the website.

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Sears in Push to Lease Space to Outside Retailers


Use with Chapter 7, “Retail Locations”

Sears has long been a leader in retail, but now Sears is also leading the way in a retail/real estate revolution. Sears has been losing money for the past several years. To increase revenues, it has begun to offer unique real estate opportunities for other retailers. Not only is Sears offering opportunities to lease one of its 4,000 empty Kmart stores, it is also offering opportunities to lease space within an existing Sears’ store.

Examples of Sears’ store-within-a-store agreements include:

1) Western Athletic Club, a health club, is leasing 69,000 square feet of a 273,000-square-foot Sears store in California.
2) Gonzalez Grocery, a specialty grocery store, will lease 41,000 square feet of a 104,000-square-foot Kmart in San Diego.
3) Forever 21 leases 15% of a Sears in Costa Mesa California.
4) Edwin Watts, a specialty golf retailer, has 12 stores (averaging 3,000 square feet each), in various Sears locations.

However, over the next year, 5 of these will close.

Sears is promoting lessees by offering space in stores, or in adjacent store spaces. Sears will give precedence to retailers that make good business sense with the Sears brand. Other stores, like J.C. Penney and Best Buy, are also leasing out space in their stores. Many big-box retailers are saddled with too much space and overhead to maintain profit margins.

Critics of this initiative suggest that Sears is basically admitting that the real estate side of is business is the more valuable and profitable side and that it can’t succeed as well in traditional retail any more.

Discussion Questions:

What are the advantages and disadvantages of having stores-within-a-store from the perspective of the lessor and the lessee?

Lessor advantages: For the lessor, they are generating revenues with stores-within-a-store and could also attract customers that might not typically frequent their stores.

Lessee advantages: For the lessee, a major advantage is reduced overhead and start-up costs. In addition, lessees can capitalize on existing traffic at the location.

Lessor disadvantage: Lessees might jeopardize their brand image or alienate customers if the lessee is not representative of the brand.

Lessee disadvantage: The lessee might experience less visibility within a store versus their own stand-alone store. In addition, lessees and lessors might have conflicting brand images and goals.
Do you think Sears’ store-within-a-store strategy is a good one for Sears? What about potential lessees? Why or why not?

Ask students if they think this strategy is good for Sears and whether or not it would be attractive to smaller retailers as a lessee option. Review the advantages and disadvantages.

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Marketers: Don’t be creepy with social media

Laura Horton, Venturebeat.com, September 18, 2011

Use with Chapter 15, “Retail Communication Strategy”

Most customers are not fans of a “hard-sell,” and this is especially true on social media sites. Customers do not want to feel like companies are stalking them on Facebook, Twitter, or LinkedIn in order to sell more products. Here are some tips for retailers to avoid being a social media stalker:

1) Don’t be pushy-be helpful: Offer solutions for potential customers rather than forcing your product on them.

2) Try to be a thought leader: Rather than constantly promoting your product using social media, share educational information about trends in the industry, or interesting discussions or blogs about hot topics.

3) Be careful what you say: Customers know that companies can find information about them online, but do not want to constantly be reminded of that. Retailers shouldn’t ask how the “dinner with the in-laws” went after seeing a Facebook or Twitter post.

4) Stay on top of social marketing best practices: Remember some social marketing best practices like listening to customers, being conservative in your posts, staying positive, and having a strategy for handling prospects, follow-up, and complaints.

Discussion Question:

How can a retailer have an effective social media strategy without being a social media creep?

Retailers can avoid being social media creeps by developing an honest and open communication strategy with followers. Retailers should use social media as an opportunity to educate customers about products that might provide solutions for them. Retailers should not bash competitors, engage in negative discussions, or comment to customers about personal posts they may have shared.
Chanel files Internet trademark lawsuit in Vegas

Ken Ritter, Las Vegas Sun, September 21, 2011

Use with Chapter 13, “Buying Merchandise”

High-end fashion labels have been battling with counterfeiters for years to reduce the amount of knock-off merchandise sold through grey and black markets. Chanel made a bold statement when it filed a cyberpiracy and trademark infringement lawsuit accusing 399 websites that Chanel believes are selling counterfeit items under the Chanel name. Chanel believes that these websites operate in China, the Bahamas, and other overseas areas where trademark infringement is not strictly enforced.

Historically, high-end brands have focused their battle tactics to minimizing the sales of street corner knock-offs. Chanel’s lawsuit takes the fight to a larger war by seeking to seize or permanently disable websites from selling any counterfeit merchandise, from t-shirts to expensive jewelry, bearing the Chanel name. Tiffany filed a similar suit in April targeting 223 unnamed websites. Louis Vuitton filed a suit against 182 websites. Each of the lawsuits includes several website operators that are also names in the Chanel case.

In August 2010, a federal judge ruled that defendants in a federal trademark or infringement lawsuit could be served legal notice via email. The aforementioned cases have found that many of the defendants were falsifying their physical addresses.

Discussion Question:

Why did Chanel file a lawsuit against 399 websites?

Chanel filed a lawsuit against 399 websites that it believes are selling counterfeit merchandise using the Chanel brand name.

What is the difference between counterfeit, gray-market, and black-market merchandise?

While not directly outlined in the article, it is important to understand the difference between these different markets. Gray-market goods, while controversial, are often legal. Gray-market goods are not sold through normal distribution channels and may be sold by companies that are unrelated to the manufacturer of the goods. In this case, if an individual or firm purchased large amounts of legal Chanel merchandise and resold the merchandise online or through another retailer, this would be a gray-market. Black-market goods, on the other hand, are illegal. An example of a black-market in this instance would be if an individual or firm stole Chanel merchandise and resold it. Counterfeit merchandise is merchandise that is made using a label that has not been approved by the manufacturer. Counterfeit items are commonly referred to as “knock-offs.” If a company or individual manufactured an item and applied the Chanel brand without Chanel’s consent the item would be considered counterfeit.

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