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

- **AmazonFresh is Jeff Bezos’ Last Mile Quest for Total Retail Domination** (Chapters 5, 10 & 11)
- **Fresh Revolution: Can Supermarkets Make a Comeback?** (Chapter 2)
- **Shopping Up a Storm** (Chapter 4 and 15)
- **Mall Owners Woo Hispanic Shoppers** (Chapter 7)
- **Sephora Magnifies Mobile Ambitions Via In-Store Signage, Updated App** (Chapters 3 & 14)
- **Pinterest Poised to Pin Down Retail Revenue AND Apparel Brands Should Promote Celebrity Endorsements Via Twitter for Best Results: Report** (Chapter 15)
- **Linking Factories to the Malls, Middleman Pushes Low Costs** (Chapter 13)
- **As China Changes, So Do Global Supply Chains** (Chapter 13)
- **Whole Foods’ Battle for the Organic Shopper** (Chapters 2 & 14)
- **Cracking the Mysteries of the Male Shopper** (Chapters 4 & 17)

**Retail Tidbits**

- After Decades of Toil, Web Sales Remain Small for Many Retailers
- Campaign aims to make retail careers trendy
- For Stores, Email Still Beats Pants Off Social
- Will a Crowdsourced Grocery Shopping Service Succeed?

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://warrington.ufl.edu/centers/retailcenter/research/publications.asp](http://warrington.ufl.edu/centers/retailcenter/research/publications.asp)
Teaching Tips

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/centers/retailcenter/teach/

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
AmazonFresh is Jeff Bezos’ Last Mile Quest for Total Retail Domination

J.J. McCorvey, Fast Company, August 5, 2013


Jeff Bezos dominates a room when he enters, with an explosive voice, boisterous manner, and complete look of total confidence. This is not surprising considering that he is the CEO of the largest online retailer. Amazon has over 209 million active users that buy everything from expensive electronics to dresses to dog food. Over the past five years, Amazon has bought most of its competition, including Zappos and Quidsi (parent company of Diapers.com, Soap.com, Wag.com and BeautyBar.com). It has also purchased robot maker Kiva Systems because robots help Amazon process orders faster, getting the transaction time to 20 minutes from click to ship. Amazon’s annual sales have also quadrupled in the past five years to exceed $61 billion. And, according to the most recent Harris Poll, Amazon is the world’s most trusted company, a spot previously held by Apple.

Amazon has redefined the global marketplace. Last year, e-commerce accounted for $1 trillion in sales with 5% of that coming from Amazon. Retailers like Best Buy, JC Penney, and Sears are floundering trying to keep up. However, Amazon’s dominance is less about what it sells but rather about how it sells. Amazon offers customers 1-Click ordering, which facilitates impulse buying. It also offers “Subscribe & Save” to let customers schedule regular replenishments of essentials like toilet paper, deodorant and diapers. Amazon also offers AmazonPrime, which is a $79/year service for second-day delivery. The service now includes free shipping on more than 15 million items. Prime members also gain access to more than 40,000 streaming Instant Video programs and 300,000 free books in the Kindle Owners’ Lending Library. Bezos is willing to lose money on shipping and services in order to gain loyalty. Today, Amazon has 10 million Prime members. The average Prime member spends an astounding $1,224 a year on Amazon, more than $500 than a regular user. Members’ purchases and membership fees make up more than a third of Amazon’s U.S. profit.

Amazon has more than 89 fulfillment centers with more to come. The complex machinery and supply chain mechanisms allows Amazon to ship out products in less than 2.5 hours from the time a customer clicks “place your order.” Yet, fulfillment center teams are always working to develop innovative ways to cut the time down even further. During the past holiday season, Amazon processed 306 items per second worldwide. In addition to warehouse speed, these centers excel in proximity. Bezos has spent billions building centers closer and closer to customers.

Now Amazon is launching AmazonFresh, but it’s not necessarily about winning in grocery services, it’s about dominating the market in same-day deliveries. AmazonFresh is a grocery delivery service that has long been available only in Seattle. Amazon sees AmazonFresh as the future of shopping, customers can get whatever they want, whenever they want, wherever they want, and as fast as they demand it. AmazonFresh recently launched in Los Angeles. Customers in Los Angeles were offered free trials of PrimeFresh, the upgraded version of Amazon Prime that provides free shipping of products and free delivery of groceries for orders over $35.00. In Los Angeles and Seattle, Amazon has a fleet of Fresh trucks that deliver everything from full-course meals to chocolate from local merchants. As Amazon evolves into a same-day delivery service, its fleet could become yet another competitive advantage.

However, AmazonFresh will prove to be a challenge for Amazon as the products for groceries are different. It can’t ship milk the same way it ships diapers. Creating a same-day delivery service poses tremendous logistical and economic
hurdles. Yet, Amazon hopes to expand grocery customers and turn monthly customers to weekly or even twice weekly customers. AmazonFresh is the last link in Bezos plan to make Amazon the dominant servicer of the retail experience. The bigger Amazon gets, the greater the number and variety of stakeholders required to continue Amazon’s growth. Amazon is also facing frustrations from its own employees. In Germany, employees are striking at two of its eight facilities in an effort to earn higher wages and overtime pay. Amazon workers in the U.S. have filed a lawsuit claiming that they’ve been subject to excessive security checks.

Investors wonder how Amazon has paper-thin profits, netting only $82 million in the first quarter of 2013. Investors also worry about competitors matching Amazon’s supply chain capabilities. Companies like Target, Walgreens, and Macy’s are implementing savvier marketing and supply chain strategies by using apps to guide customers directly to products in a store and also having stores act as distribution centers. However, the three primary weapons of Amazon are its fulfillment centers, Amazon Prime, and now AmazonFresh, are coming to maturity. Retail analysts believe that the investment that Amazon has made it on its operations will give the company an end-to-end advantage that will be almost impossible for other retailers to duplicate.

Discussion Questions:

What are Amazon’s bases for a sustainable competitive advantage?

Amazon has two primary bases for sustainable competitive advantage. The first SCA involves its operations. Amazon is able to ship goods to customers in two days, sometimes overnight, and in some instances, Amazon offers same-day delivery. Amazon’s other SCA is its customer loyalty. Amazon was ranked as the most trusted retailer.

What makes Amazon’s customers loyal?

Amazon’s customers are loyal because Amazon is able to deliver products within the promised time frame. Amazon customers know what to expect when they purchase from Amazon.

What makes Amazon’s supply chain superior?

Why is AmazonFresh an integral part of Amazon’s overall strategy?

AmazonFresh is part of Amazon’s strategy to allow customers to get whatever they want, wherever they want, whenever they want. By introducing grocery into the retail mix, Amazon is effectively offering customers products in almost every product category.

What threats face Amazon and how is it dealing with them?

Amazon faces threats of other retailers like Target, Macy’s and Walmart. Target and Macy’s are both trying to improve their supply chain efficiencies to streamline operations and offer compatible shipping services to Amazon. Walmart is also considering a grocery delivery business in the future as well. Other threats facing Amazon include its own employees with many employees striking or arguing over wages and working conditions.

Back
Fresh Revolution: Can Supermarkets Make a Comeback?

Sarah Mahoney, August 8, 2013, Marketing Daily

Use with Chapter 2, “Types of Retailers”

Many supermarkets are losing market share to drug stores, dollar stores, convenience stores and warehouse clubs. Although some supermarkets are bleeding market share, others are becoming more relevant to customers again. The best strategy for supermarkets is to focus on delivering quality, fresh foods as that is typically what is most important to customers. Supermarkets that are losing customers are still just focusing on pantry-stocking behaviors typical of shoppers over 10 years ago. Almost 31% of today’s customers are shopping for items for immediate consumption.

The “center-aisle products” that have a longer shelf life account for 70% of sales, yet they are less important as sales are shrinking in those areas. Inventory turnover is slowing down for items like Worcester sauce, pickles and confectioners’ sugar.

The fastest growing supermarkets are the ones that offer specialization like Whole Foods. However, downscale Winco has enjoyed success by varying its strategy and product offerings on a store-by-store basis. Also critical is to make sure each store reflects local food culture. For example, Tesco was unsuccessful with its Fresh &Easy stores because it placed many of them in low income and/or low education areas where customers were just not interested in the product offerings.

In order for stores to remain successful and relevant to today’s consumer, they must recognize that today’s middle class customer behaves differently from the middle class customer of previous generations. Today’s middle class customer is trained to trade up or down and engage in multichannel food shopping.

Discussion Question:

How can supermarkets make a comeback?

Supermarkets can make a comeback by focusing less on “center-aisle” or staple products, and focusing more on fresh food fast. Over a quarter of items purchased in grocery stores, today, are for immediate consumption.

Back
The Weather Channel has collected over 75 years of data including, temperatures, dew-points, cloud coverage, and more, across North America. Weather Channel has renamed itself Weather Co. to reflect the strategic importance of its digital-data business. Weather Co. gives information to smartphone weather apps and also sells data to advertisers who want to fine-tune their message to customers.

Weather Co. knows that people check the weather before they go do something. The company believes that it is getting better at knowing the kinds of things that people plan based on their location and what the weather is in that location. For example, Weather Co. learned that consumers in Dallas buy insect repellent when the dew point is below average, while customers in Boston buy insect repellent when the dew point is average. Company researchers also found that the first day of above-average heat in Chicago yields the highest sales of air conditioners, while customers in Atlanta sweat it out for two days.

Pantene is using this information for its own benefit. When launching its new Pantene Pro-V Smooth with Argon Oil products, Pantene partnered with Weather Co. When a consumer checks her smartphone app and is greeted with a forecast of humidity, she also sees an ad for the new Pantene product.

Weather has long influenced the retail economy and sold forecasts to airlines and energy traders. But now, with the smartphone app, the firm can get even more data about customers. The digital business now accounts for 50% of Weather Co.’s revenue.

Other examples of retailers using this data include Ace Hardware and Michael’s. If it is sunny outside, Weather Co.’s consumers get an ad for Ace’s lawn-care services; if it is snowing, customers receive an ad for snow removal tools. Michael’s knows that its customers engage in crafts on rainy days. Weather Co. found that the sale of crafts spiked three days before rain was predicted.

Now, Weather Co. is studying the impact of weather on customer mood and sentiment.

**Discussion Questions:**

**Why are retailers partnering with the Weather Channel?**

*Retailers are partnering with the Weather Channel (Weather Co.) because, in addition to weather, Weather Co. is in the business of digital data. Using sophisticated technology, Weather Co. can determine changes in shopping habits related to weather.*

**How is customer buying behavior influenced by the weather?**

*People check the weather before they make plans, and this affects what they are going to purchase. Also, behavior varies regionally. As the article indicates, on the first hot day in Chicago, air conditioner sales spike. Yet, in Atlanta where it is hotter for longer periods, customers wait an additional day before frequenting the air conditioner store.*
Many commercial-property investors are now developing properties to target Hispanics. Hispanics account for half of the population growth between 2000 and 2011. Hispanic households have more children than non-Hispanic households and outspend other groups on beauty products, food and apparel.

One particular commercial property manager owns about 70 retail properties and believes the Hispanic population can help revitalize dead malls. Property managers are trying to lure Latinos with a combination of live entertainment, children’s rides, and a mix of food and retail options to discourage online shopping. Economists who study retail agree that property managers should target Latinos as the population has increased purchasing power.

About 10% of malls tracked in an economic study will close in the next decade. About 190 malls currently have sales of $250 a square foot, below the U.S. average of $450 a square foot.

In 2004, a Fort Worth center was almost vacant. It was revitalized in 2006 to become “La Gran Plaza” and the center is now 90% occupied. A Phoenix shopping center called Dessert Sky was trending downward. A vacant Mervyn’s was turned into a Mercado housing several Hispanic-owned retail stalls. The mall showcased free musical performances and Latino themed festivities like Dia De Los Muertos celebrations. Almost immediately, the mall saw increased foot traffic and within a year, the property’s bottom line increased by 30%.

However, not all malls designed for the Hispanic audience are enjoying that kind of success. One property, the Fiesta Mall in Arizona, was especially crushed by the recession. Some customers have said these new malls feel like going to a “swap meet.” However, property managers have plans to continue revitalizing malls to appeal to broader audiences.

Discussion Questions:

Why are mall owners trying to attract Hispanic shoppers?

Mall owners are trying to attract Hispanic shoppers because a) they are a previously underserved market and b) Hispanic households are outspending non-Hispanic households on beauty products, food, and apparel. In addition, the Hispanic population accounted for half of the population growth from 2000 to 2011.

What are they doing to attract them?

Property managers are trying to lure Latinos to renovated shopping malls with live entertainment, children’s rides, and food and retail options designed solely for the Hispanic audience.
Sephora Magnifies Mobile Ambitions Via In-Store Signage, Updated App

Lauren Johnson, Mobile Commerce Daily, August 23, 2013

Use with Chapter 3, “Multichannel Retailing,” and Chapter 14, “Retail Communications Mix”

Sephora is continuing to prove that it is a leader in mobile. Sephora is using in-store signage to promote its loyalty program in-stores. The signage also encourages customers to try the Sephora mobile app. The mobile app has new applications making it easier for consumers to shop in-store and online. The Sephora To Go app makes the online and offline experience as seamless as possible. Sephora wants its customers to use their phones in the store.

The in-store signage is intended to educate consumers about the benefits of the loyalty program, Beauty Insider. The signage also encourages customers to engage with Sephora’s mobile app. When consumers visit Sephora’s mobile site, they can automatically create a Beauty Insider account. This automatically loads a bar code that can be scanned at point of sale to track customer purchases. Sephora also uses Passbook to promote its beauty card and loyalty program.

Sephora is hoping to empower shoppers to help them in their decision making and product search needs and to develop a long-term relationship with consumers.

Discussion Questions:

How is Sephora encouraging its customers to use its mobile apps?

Sephora uses in-store signage to encourage shoppers to access its mobile apps while in a Sephora store. Customers can create a Beauty Insider account on the app and then display the QR code at the checkout to receive a discount. Sephora is trying to create a seamless experience across channels.

Do you believe these initiatives will significantly increase sales?

Ask students if they believe that sales will increase due to these initiatives. Chances are that Sephora might not notice an immediate increase, but it will help build more customer loyalty. Also, Sephora will be better prepared as more customers begin adopting new technology.

In general, sales through the mobile channel has been slower than expected. Do you shop using a mobile device? Why or why not? Do you expect mobile sales to increase as retailers adopt initiatives like those of Sephora?

Ask students how likely they are to shop via a mobile device. Research indicates that most customers search and compare using a mobile app but are more likely to purchase online or in a store. Ask students if they will feel more comfortable shopping via mobile apps as technology progresses.

Back
Retailers love Pinterest’s online scrapbooks. Pinterest has reached 46.2 million people in the U.S. Pinners love to share their photos of jewelry, clothing, furniture and recipes making Pinterest the social media destination for product sharing. As a result, Pinterest is now a great merchandising vehicle for retailers.

Nordstrom, for example, has over 4.5 million followers on Pinterest. Users can follow shoes on a Pin Board known as “Shoe Lust” Nordstrom also gives its sales staff iPads to view the products that are most pinned on Pinterest and matches those items to current inventory.

Lowes has 3.6 million followers on Pinterest and carefully follows Pinterest’s Rich Pins that allows pinners to post specifics about products like price and dimension. Lowe’s media director has said that it would consider an advertising platform from Pinterest if it were an option.

J. Crew used Pinterest to post its September fashions in a “Style Guide Sneak Peak” board the day before the apparel actually went on sale. The message read, “Just for our friends on Pinterest, an exclusive first look at our September Style Guide. Love what you see? Our Very Personal Stylist team can help you pre-order the looks before they become available on Wednesday.” The company pinned over 55 images for its 62,000 Pinterest followers; many J. Crew boards have been “repined” hundreds of times.

Today, Pinterest makes no money and is focused on building the site. Pinterest has earned over $38 million in venture capital, and is valued at $2.5 billion. Marketers and advertisers, though, are drooling over the prospects of advertising on Pinterest. Pinterest allows retailers to basically target an individual item to an individual. Facebook, Google, and Twitter don’t offer the same understanding of consumers’ product interests.

However, according to a recent study by NetBase, 75% of female social media users who are more likely to use brands associated with celebrities are more likely to use Twitter over other social media platforms. Although Twitter is not the most dominant social media platform, it is for women who are most likely to buy products that celebrities also like. According to NetBase, women are likely to trust experts on blogs and online message boards when seeking advice on apparel for special events. For active and fitness-wear, women are more likely to seek inspiration from Pinterest or friends on Facebook. Twitter, however, has the biggest influence when celebrities are involved. NetBase recommends that luxury apparel brands should use Twitter by incorporating celebrities to endorse products into their tweets.
Discussion Questions:

How are retailers using Pinterest and Twitter?

Retailers are using Pinterest to identify what products customers are interested in or are “pinning.” Retailers are also using Pinterest to introduce products to customers. Lowe’s, for example, uses Pinterest to “pin” boards on home improvement products and follows what products customers like on Rich Pins. J. Crew also created special boards for its followers showcasing merchandise that wasn’t yet available for sale. Researchers also found that for customers who care about celebrity endorsements, Twitter is the “go-to” social media feed. So, retailers are using celebrities to incorporate product placement into their tweets.

Are Pinterest and Twitter appealing as a vehicle for you to learn about the latest trends and fashions?

Ask students how much Pinterest and Twitter (and other social media) influences their thoughts about trends and fashion. Which ones are more powerful? Is it better to follow brands and retailers to learn about trends or to see them from their friends on social media?

Back
Li & Fung is the world’s largest sourcing and logistics company. Li & Fung acts as a matchmaker between the factories of poor countries and the vendors of affluent countries. Li & Fung handles the logistics for over 30% of American retailers, including Sears, Macy’s, JC Penney, and Kohl’s. With sweatshop disasters, and increased customer awareness, Li & Fung is now seeking workers in South America and sub-Saharan Africa to stitch clothing for just a few dollars a day.

Li & Fung is based in Hong Kong. The company owns no factories, sewing machines, or fabric mills. Rather, its top asset is its 15,000 suppliers in over 60 countries. Li & Fung is considered the Walmart of purchasing; yet some critics also call it the “sweatshop locator.”

Li & Fung has been accused of labor violations and tied to the deadly accidents in warehouses in several countries last year. Critics have argued that Li & Fung arranged for the production of clothing at a factory where 29 workers were killed. It has been faulted with working with a factory in Cambodia where hundreds of workers were sickened. Last year, Li & Fung was responsible for garments produced at the Tazreen Fashions Factory where 112 people died in a fire after many of them were ordered to continue working even after the alarms went off.

Li & Fung is accused of feeding the West’s insatiable desire for cheaper clothing. And employee advocates say that Li & Fung make accountability more challenging by adding another layer of insulation between retailers and poorly treated workers; this allows retailers to avoid bad publicity and legal liability when things go wrong.

However, sourcing companies are constantly at a crossroads. Companies like Li & Fung are expected to find low-cost factories for clients yet also blow the whistle if factories violate safety standards. According to Li & Fung, the company makes it best effort to weed out bad factories, but it doesn’t always succeed. Li & Fung conduct rigorous on-site audits. In the case of Tazreen, Li & Fung had hired a new subsidiary that placed orders at the factory, but the changes that Li & Fung had demanded had not been made at the time of the fire, eleven weeks later. Li & Fung uses its network and long history (it was founded in 1907) to help ensure compliance with local labor standards. Li & Fung also sends undercover informants to factories to check for violations like blocked exits or child labor violations. However, it does not publicly release these reports.

Companies like Tommy Hilfiger use Li & Fung because of its buying power. Li & Fung is better able to extract deals than if companies like Tommy Hilfiger were to source themselves.

Li & Fung also absorbs liabilities for retailers. For example, a container arrived in the U.S. with 500,000 Tweety Bird shirts for Disney that were the wrong shade of yellow. The sourcing company, not the factory, get the unhappy call. When protests or political unrest causes delays, it is the sourcing agent that has to cover the cost of the lost time. Consumers might balk at Li & Fung, yet they are not willing to accept the higher costs associated with not using companies like Li & Fung.
Discussion Questions:

What does Li & Fung do for retailers?

Li & Fund finds affordable manufacturing for products for retailers. Li & Fung has a network of over 15,000 suppliers in over 60 countries giving it tremendous buying power. Li & Fung is able to negotiate better rates for retailers than if they tried to negotiate the rate themselves. In addition, Li & Fung absorbs some of the production and shipping liability taking the burden off of the retailer.

Back
As China Changes, So Do Global Supply Chains

China Knowledge @ Wharton, July 22, 2013

Use with Chapter 13, “Buying Merchandise”

In June, Chinese workers detained a U.S. business man because he wanted to move his operations from China to India. This episode was symptomatic of larger issues with the struggle of Western companies to handle rising Chinese wages. China’s status as an outsourcing destination is quickly eroding as China is no longer the cheapest source for many products. Since the mid-1980’s, China used its low-cost labor force to become the top outsourced manufacturing destination; today, those Chinese supply chains have reached an “inflection point.”

This transformation has gone unnoticed for a few years, as it cannot be pinpointed to one single event. However, there are signs that this phenomenon is trending. First, Foxconn (iPhone manufacturer) is relocating its operations to cheaper interior locations in China, as well as India and Indonesia. Second, many Chinese manufacturers are investing in their own brands to tap into China’s domestic markets. For example, The Goodbaby Group dominates 70% of market share for juvenile products. Another example involves Daphne, a maker of women’s shoes. Daphne began as a contract manufacturer, but over the years built its own brand and domestic retail network. Finally, Chinese suppliers are investing in lean management techniques to improve productivity and control costs.

India’s commerce and industry minister visited New York City this summer to inform business leaders that India can rival China as a manufacturing center.

Discussion Questions:

Why is China no longer the best sourcing country for some products?

China is no longer considered the best sourcing country for some products because of its increased wages.

Which countries are retailers turning to as sources of supplying merchandise?

Retailers are considering countries like India now as another source of production.

When you purchase merchandise, how important is the country of origin in your decision?

Ask students if they would be willing to pay a higher price for items that are “made in America.” Do students have quality concerns about items that are manufactured in other countries?
Whole Foods’ Battle for the Organic Shopper

Julie Jargon, August 22, 2013, Wall Street Journal

Use with Chapter 2, “Types of Retailers” and Chapter 14, “Retail Pricing”

Whole Foods is trying to shed its “whole paycheck” reputation by duplicating the discount efforts of traditional retailers. In addition to grass-fed beef, customers can now also buy discount items like frozen meatballs and fish fillets. Whole Foods is also promoting its own private-label products and offering coupons. In addition, many locations are offering special deals for a day, or part of a day, via social media channels.

Consumers now have an increased number of options when shopping for natural groceries, thus making Whole Foods step up its promotional strategy, especially towards budget constrained customers. Whole Foods tries to be competitive with its pricing. In a recently opened store in Detroit, Whole Foods said it was committed to making itself accessible in communities that were less affluent than Whole Foods’ traditional markets.

In 2010, Whole Foods began offering one-day sales on select items. It has increased the number of flash sales this year and uses Facebook and Twitter to reach shoppers. However, a growing concern among Whole Foods investors is that Whole Foods shoppers will become accustomed to discounts and only purchase items on sale.

Discussion Questions:

What has been Whole Foods’ pricing strategy?

Whole Foods has traditionally focused on reaching a more affluent customer with its offerings of grass fed beef and 100% organic products.

How are they modifying that strategy?

Many customers referred to Whole Foods as “Whole Paycheck” because of the high prices. Now, Whole Foods is adding more affordable items to its product offerings. In addition, Whole Foods is also promoting its private label brands more. Whole Foods is also offering flash sales and one-day sales of certain items.

Do you think this is a good idea?

Ask students if they agree with Whole Foods’ new strategy. If they did not shop there, would this make them consider shopping there? Or, do they think that offering lower-end products might alienate its current customers?
Women’s clothing site, ShopBop, has been observing the way males shop online. As a result, it is launching East Dane this fall to appeal solely to the male customer. The look and function of East Dane will be markedly different from ShopBop. East Dane will show models from the neck down, present bigger product photos, and include a strip of packing tape in every order to facilitate returns.

East Dane is one of a number of brands targeting the once elusive style-seeking, online-shopping male shopper. Women have long dominated consumer fashion on and offline. Yet men’s interest is on the rise. According to Nielsen, women still make the majority of household decisions, but men increased in most types of shopping between 2004 and 2012. Men’s cosmetics and hair care products are now commonly seen items. Men are also adopting fashion trends traditionally only seen in women’s fashion, like slim-cut styles and ankle pants.

Yet, fashion-seeking men are different from their female counterparts. For example, 1/3rd of ShopBop’s customers shop daily and male customers just aren’t wired that way. East Dane will carry fashionable labels at premium prices, much like its sister site. East Dane understands that men, when ready to make a purchase, don’t want to leave a shopping situation empty handed. Women enjoy the hunt more. In order to facilitate the buying process, East Dane will offer advice on looks. East Dane will also have a space on its page where men can store information about brands. In order to offer a simpler path to check out, East Dane’s navigation bar is at the top of the page rather than the left side. East Dane deliveries will also not look “gifty” like ShopBop packages.

**Discussion Questions:**

How has ShopBop designed its new online store for men, East Dane, to appeal to their very different shopping habits?

ShopBop has designed East Dane to appeal to the male, fashion-seeking, shopper. East Dane will only show models from the neck down and will also show bigger photos of products. East Dane will also use packaging that facilitates returns. In addition, the site will offer shoppers more advice on wardrobe issues and information about brands. The path to checkout is easier on East Dane as well versus ShopBop.
After Decades of Toil, Web Sales Remain Small for Many Retailers

*Shelly Banjo and Paul Ziobro, Wall Street Journal, August 27, 2013*

Many retailers are struggling to grow their online business. Now, the SEC is asking companies who often tout their online strengths, to provide factual details about the amount of merchandise they sold online. In the second quarter of 2013, Internet sales grew by 18.4% while total retail sales only rose by 4.7%. Amazon.com sells more online than its next 12 biggest competitors, including Staples and Walmart.

Target has told investors that its digital sales have grown by double digits, yet does acknowledge that it is still adjusting to increased online consumer spending. The SEC is querying dozens of retailers, like Target, about its concerns that retailers are over promising their Web prowess by claiming higher percentage growth rates.

The SEC also questions Fifth & Pacific which owns Juicy Couture and Kate Spade. Fifth and Pacific told the SEC that it didn’t want to reveal how much e-commerce contributed to overall sales because it believed that it wasn’t relevant to investors. The SEC also questioned Walmart. Walmart told investors that it would enjoy a 30% increase in global online sales. Walmart CEO told the SEC that Walmart was “winning in e-commerce” and that e-commerce as one of the company’s top priorities strategically.

Campaign Aims to Make Retail Careers Trendy

*Debra D. Bass, August 23, 2013, St. Louis Post Dispatch*

Although the retail industry is full of trends, fads, hype, and wish-lists, the idea of a career in retailing doesn’t have the same cache. Macy’s CEO Terry Lundgren’s parents were devastated when he told them he wanted to go into a career in retailing. Some job candidates envision a teenager in the front of a retail store when they think about careers in retail, yet retail does not have to be a dead end job.

A shop owner in St. Louis says that young employees envision the life of a boutique owner as one of two things, either “waltzing in at 10 am and opening boxes of ‘free’ merchandise” or “standing behind a register” all day. This stereotype abounds as retailers are constantly working to attract talented employees.

The National Retail Federation just launched the “This is Retail” campaign to encourage people to get excited about retail as a career. Prior to launching this campaign, the NRF conducted a study of 700 young adults between the ages of 18 to 24 and found that 80% were not interested in retail careers.

There are millions of jobs in retailing. The Thisisretail.org website asks: “Did you know that retail supports 42 million American jobs? Think those are all behind a cash register? Think again.” Retailers seek employees from all backgrounds like accounting majors, statistical analysts, communications directors, and shipping and logistics specialists to name a few.
For Stores, Email Still Beats Pants Off Social

Sarah Mahoney, Marketing Daily, August 23, 2012

According to a recent survey by a marketing research firm, 40.6% of respondents surveyed choose email as a tool when they shop, compared to 27.3% for social networking sites. Retail analysts believe this is because emails are more personalized and can appeal to people on their own terms in a more intimate and private environment. The survey also found that 94.6% of customers would visit a retail site immediately after reading an email from the retailer.

Retailers are still connecting with customer socially. 40% of online shoppers are fans of between one and five brands on Facebook and 26% are fans of more than ten brands. Yet, only 8% of those customers visit those retailers’ pages after a social media interaction.

Almost one-fifth of customers receive over 30 emails from retailers in a week, indicating that there are customers who are very interested in events and promotions that retailers are offering.

Will a Crowdsourced Grocery Shopping Service Succeed?

David Dorf, Retail Wire, August 5, 2013

Webvan is a famous example of the failure of internet grocery delivery. Webvan launched in 2001 and was not successful because they spent millions building warehouses and a fleet of trucks to do everything themselves. Today’s online grocery services are much different. Peapod, FreshDirect, and AmazonFresh have all built warehouses and truck fleets, but at a slower rate that reflects demand. In addition, these brands focus on metropolitan cities where it is easier to compete. Finally, they are enjoying more success than Webvan because they took the time to learn the grocery business first, and then figured out how to make money with home delivery.

However, an alternative to the slow growth and high infrastructure model of the aforementioned retailers, is to forego warehouses and trucks and leverage existing resources. Instacart is an example of a firm that takes a crowdsourcing approach to home delivery. Customers use Instacart to select their groceries from various stores and then a personal shopper picks them up and delivers them the same day. Right now, Instacart is only 10 employees and focuses solely on San Francisco. However, they do use 200 independent personal shoppers that get paid a fee plus tips. The secret for Instacart is in the logistics. The personal shoppers use apps to allow them to navigate stores more efficiently and also uses optimization so that a personal shopper can fulfill multiple orders concurrently. Instacart has no warehouses or trucks and only pays personal shoppers when they are working.

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