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

- After Bribery Scandal, High-Level Departures at Walmart (Chapters 5 and 13)
- Retailer Target Lost Its Way Under Ousted CEO Gregg Steinhafel (Chapters 5 and 13)
- Online Retailers Are Selling More than Just Stuff; They’re Selling Eyeballs and Audiences (Chapter 15)
- Social Media Fail to Live Up to Early Marketing Hype (Chapter 15)
- Reinventing the Mall (Chapters 7 and 15)
- Move Over Avon Lady, the Tweens Are Here (Chapters 4 and 5)
- 17 Minutes Defines Local (Chapter 8)
- Home Depot: The Place to Go for Toilet Paper? (Chapter 12)
- What’s the Rush for Same-Day Delivery? (Chapters 10 and 18)

Retail Tidbits

- Costco’s Pay and Perks Set It Apart from Rivals
- Survey Says Trader Joe’s Is America’s Favorite Grocery Chain
- Survey: Consumers Concerned About Privacy; Will Share Some Data
- 5 Retail Start Ups to Watch
- Is the Suburban Mall Headed for a Rebirth?
- Shopping Looks to a Virtual Future
If you are interested in the textbook please visit www.mhhe.com/levy9e. 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

# 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
After Bribery Scandal, High-Level Departures at Walmart

Elizabeth Harris, The New York Times, June 4, 2014

Use with Chapter 5, “Retail Market Strategy,” and Chapter 13, “Managing the Store”

Detailed criminal allegations against Walmart, indicating that it engaged in illicit and potentially illegal bribery in its efforts to expand its presence in Mexico, have not yet been adjudicated. The U.S. Department of Justice continues to review the facts, and no one has been formally charged with anything. Yet Walmart already has invested in extensive, and expensive, adjustments to its executive personnel, corporate culture, and organizational structure.

The allegations that senior executives had consistently bribed Mexican officials to obtain building permits and other perks that would help the retailer expand first came to light in 2012, when The New York Times published its investigation. Those initial reports alleged that Walmart had been violating the U.S. Foreign Corrupt Practices Act for years. In response to the widespread publicity this report sparked, Walmart initiated a systematic response.

First, at least eight of the executives identified as participating in the bribery or at least being aware it was going on have left the company. Although none of the departures has been formally identified as a “cleaning house” effort, the coincidence seems remarkable.

Second, Walmart has spent nearly half a billion dollars to establish a compliance department and investigate the allegations internally. This new compliance division represents an expansion of Walmart’s operational staff, adding around 2,000 new employees. Furthermore, new directives mandate that any reports of corrupt acts be reported directly to the board, in an attempt to eliminate any potential that executives might try to defend themselves by pleading ignorance in the future.

Third, these moves represent a notable exception to and possible shift in Walmart’s corporate culture. When a retailer known mainly for its pursuit of efficiency increases the staff of a division by approximately 30 percent, and spends millions of dollars to do so, it signals a new and different tact.

Such proactive moves, before the U.S. Department of Justice even hands down any punishments, represent a savvy move by Walmart, according to many observers. By showing that it is taking care of the problem on its own, Walmart might avoid more stringent punishments by the government. It also needs to consider its image among consumers and stockholders. As one commentator noted, “When you have a company like Walmart that is so important to investor portfolios, to the consumer world and to the labor market, you may need to be more open than the common company, to restore trust.”

Discussion Questions:

1. Why is Walmart in trouble with the Justice Department?

   According to allegations published by The New York Times, Walmart violated the Foreign Corrupt Practices Act, which makes it illegal for U.S. companies to engage in corrupt practices in foreign countries. In this case, Walmart executives allegedly bribed Mexican officials to receive priority treatment and greater access to permits and other resources. Because it is a U.S. company, Walmart is subject to U.S. laws and regulations.
2. What has it done to mitigate these problems?
Walmart’s response to these allegations has been very proactive. It apparently encouraged many of the involved executives to resign, though it has not said they were fired. It expanded its legal compliance division significantly, and this division in turn issued new rules about how Walmart staffers can act in non-U.S. markets.
Retailer Target Lost Its Way Under Ousted CEO Gregg Steinhafel

Paul Ziobro and Serena Ng, The Wall Street Journal, June 24, 2014

Use with Chapter 5, “Retail Market Strategy,” and Chapter 13, “Managing the Store”

In its heyday, Target distinguished itself from its competitors not by offering the lowest prices or the widest offerings but rather by creating a retail atmosphere that was, in the company’s own words, “fast, fun, and friendly.” Establishing such an atmosphere required parallel approaches at the executive and management levels too. Thus the corporate culture was “freewheeling.”

For example, executives, board members, and store managers often took store tours together. The managers had substantial autonomy to make merchandising and promotional decisions that would fit their market. Furthermore, Target’s price points were purposefully a little higher than those of their main competitors, because it hoped to attract slightly more affluent consumers who enjoyed finding quirkily designed kitchen appliances or designer dresses among the racks.

But in 2008, the chief executive who had established, maintained, and enforced this fun culture for two decades retired, and his hand-picked successor instituted some changes. As CEO, Gregg Steinhafel pursued improved margins and sought to institute more stringent performance metrics. One of the drivers of these changes was the altered retail environment in the midst of the global financial crisis.

Thus, Steinhafel required vendors to cut their costs, and Target limited the number of new or innovative products stocked in stores. Instead, it sought to increase its reliance on staples that consumers needed, rather than the fun impulse purchases they once might have enjoyed finding in stores. The product placement system adopted a new criterion, based on a vendor bidding process, such that vendors that paid more fees to Target enjoyed better shelf displays.

The performance review process also changed. The company motto, “fast, fun, and friendly,” became a mandate. Some store managers received negative reviews for not being fun enough, even when their stores performed well. Others claimed they felt compelled to demonstrate their friendliness by hosting ice cream happy hours for their staff. Rather than coming up with their own initiatives, the fun was being imposed from the top down.

These trends already had affected Target’s culture and performance before two well-publicized failures rocked the retailer. A massive data breach, in which hackers accessed the personal information of approximately 70 million shoppers, led wary consumers to avoid the stores altogether. Then Target’s ambitious effort to expand its Canadian operations, by rapidly opening 127 stores there, failed pretty miserably. High real estate costs, inventory issues, and exchange rates that created high product prices led to estimated losses of $1.6 billion for the chain.

The combination was enough for Target’s board. Whereas the previous CEO held his position for 20 years, Steinhafel was ousted after just 6 years. Now, even before a new CEO has been named, things have changed. Experiments with new concepts, such as adding mannequins to stores, have gone forward, after being delayed for years. New products are reaching store shelves more quickly, and several recently named executive suite members come with extensive merchandising experience. The hope is that those things that once made Target an exciting place to shop will soon reemerge, attracting customers back in through its red-and-white targeted doors.
Discussion Questions

1. **How did Target lose its way?**
   The new top executive attempted to pursue a different strategy than the one that had made Target so popular among shoppers. In particular, he actively sought cost concessions and greater efficiency. He also tried to standardize product offerings and enforce more stringent performance standards throughout the organization’s hierarchy.

2. **Do you believe it can find its way back?**
   Maybe! By firing the CEO, Target has demonstrated its willingness to make big moves to regain its footing. In addition, the chain appears well aware that many of its problems stem from the loss of its fun, innovative culture. Thus, it likely will seek to regain that perspective. However, doing so is not always easy, so even as it tries to find its “fast, fun, and friendly” identity, there is no guarantee it will succeed in doing so.

BACK

Photo Credit - (c) Lars Niki Business Unit Rights = McGraw-Hill Companies Asset Source= Lars A. Niki
Online Retailers Are Selling More than Just Stuff; They’re Selling Eyeballs and Audiences

Erin Griffith, Fortune, June 20, 2014

Use with Chapter 15, “Retail Communications Mix”

In the early days of e-commerce, retailers worried about including too many ads on their sites, for fear that annoyed customers would click away, or that intrigued customers would follow an ad’s link and make their purchases elsewhere. Such fears clearly have been resolved, because virtually every modern e-tailer now sells advertising on its site and thereby gains a new source of revenue.

In many cases, the on-site advertising mimics in-store product placement: Vendors and manufacturers pay the retailer a fee to appear in desirable locations. For online sales, this arrangement means that if a customer shops the retailer’s site for cleaning products, for example, Lysol might pay to be the first result that appears in the shopper’s browser.

Approximately 80 percent of U.S. retailers feature particular products, sponsored links, or display advertising on their websites, according to one recent study. They do so because ad sales—also known as “audience monetization,” because it provides profits based on the size of the audience that the website attracts—are highly profitable. The retailer already has invested the time, effort, and money to attract the audience of potential customers. These are sunk costs. But if it can convince a vendor to pay it to advertise to that same audience, any revenue it earns from that agreement represents pure profit for the retailer.

Discussion Question:

1. How are retailers using online advertising on their sites to increase profits?
   Retailers are enjoying a new source of profits, other than traditional customers. Namely, vendors and manufacturers pay the retailer to advertise to this audience, which transforms the retail site into a platform that can reap profits both when customers purchase products and when advertisers buy ad space.
When it comes to using social media to appeal to customers, marketers are starting to realize that more is not necessarily better. The competitive drive to amass more followers or likes has not translated into improvements in consumer conversions or purchases. Accordingly, some firms are shifting their focus, seeking quality contacts through social media, rather than simply quantity.

For example, the Ritz-Carlton strategically limited its social media activity, and as a result, it has fewer than 500,000 followers—far fewer than most of its competitors. Yet with this smaller contingent of Facebook fans, the hotel chain has found it can devote more time and effort to responding to their specific comments and questions, as well as analyzing their complaints.

Such a limited approach may be necessary, according to survey findings that show that consumers do not appreciate hard sells that target their social media personas. One Gallup poll revealed that 62 percent of U.S. consumers claimed their purchase decisions were not influenced at all by social media, and only 30 percent even admitted they had any impact at all. Rather than using these social media sites to gather information for their purchase decisions, people rely on them to connect with friends and families—which was the top reason cited for using social media by an astounding 94 percent of the 18,000 people that Gallup surveyed.

Furthermore, even as U.S. firms spent $5.1 billion on social media marketing, consumers continue to gain expertise and skill with ignoring and skipping such content. Nor is the situation likely to improve for retailers that pursue massive numbers of fans, because of the revised algorithms Facebook now uses to rank posts. By attempting to predict which posts Facebook users will find interesting, Facebook has largely relegated generic marketing communications to the bottom of news feeds.

The recommendations for retailers and marketers thus imply the need to initiate in-depth conversations with consumers, rather than just blasting them with information. Thus for example, even though the NBA attracts 23 million followers, it claims its focus is on giving fans “more of what they’re talking about” than about increasing its numbers. The league monitors social media chatter during games and posts real-time videos of stellar plays, in an effort to increase viewership of broadcasts, as well as determine when might be the exact right moment to push sales of a particular player’s jersey or tickets to an upcoming matchup between rivals.

Discussion Questions:

1. How to people use social media?
   The short answer is, to connect with loved ones. Despite some early predictions, most people do not rely on social media to provide them with information to make their consumption decisions.
2. Do these findings support having a strong social media presence by retailers? Why or why not?
   Yes, if we define “strong” by more than just the number of followers. That is, having a lot of social media fans is not sufficient to benefit a marketer or retailer. Instead, firms must ensure that their connections are meaningful and interesting to fans, if they are to enjoy any benefits of their social media presence.

3. How are retailers adjusting their social media presence to get more bang for their buck?
   With a more targeted approach, retailers can appeal to more invested consumers, who follow or like the company even if it does not engage in massive social media spending. In addition, by focusing on quality instead of quantity, retailers and marketers can gather more substantial information from the limited number of fans, rather than trying to pursue the nearly impossible task of keeping track of many millions of casual consumers.
When shoppers with smartphones can access virtually any retail store they want from their homes, offices, or schools, getting them to visit brick-and-mortar stores is more challenging, as every retailer knows. Getting them to drive farther, deal with parking challenges, and schlep through a mall may be even more difficult, leading to various predictions of the demise of the mall. (Also see “What’s Different About Tomorrow’s Mall? You Never Have to Leave” in the June 2014 newsletter)

But the Mall of America, the world’s largest mall and a massive attraction that brings tourists from all over to Minnesota, doesn’t appear too worried. Even in the face of a massive snowstorm, marked by temperatures of 40° below zero, the Mall of America was able to convince approximately 100,000 shoppers to brave terrible road conditions and get to the shops, simply by offering free passes to its famous theme park and the associated rides.

This offer went out through social media, a resource that the Mall of America leverages constantly and to good effect. For example, when Twitter exploded with news that a popular band would be visiting one of its stores, mall management recognized that the influx of fans would be more than the individual store could handle. It quickly transformed a vacant space into a meet-and-greet site, then tweeted the location in the mall where fans could find their adored boy band, thus avoiding potential conflicts or overcrowding.

Such moves are part of the Mall of America’s overall strategy to supply an “Enhanced Service Portal,” or ESP. When shoppers allow the mall to access their locations, employees can provide valuable information, including reminders of where they parked, maps to preferred stores, or the location of the nearest nursing station for new moms. In one incident, a linked shopper contacted customer service to report that she had misplaced a gift card; when mall employees learned her location, they hurried over with a replacement and thus earned a customer for life.

Other ESP employees walking the mall offer enhanced services, provided through their handheld devices. For example, they can help shoppers make restaurant reservations, hours before they even get to the wing of the mall that houses the restaurant. A planned expansion will allow out-of-town tourists to check their luggage for a few hours so that they can shop while waiting to take a shuttle to the Minneapolis-St. Paul airport, which is less than 2 miles away.
Discussion Question:

1. How is Mall of America using social media to attract customers?

In effect, the Mall of America employs social media as a means to provide excellent, concierge-type services that make shoppers’ experience in the mall more fun, easier, and less frustrating. Its social media staffers help people find the options they want, even in the massive mall; work to prevent overcrowding; and issue incentives to get people to visit, and then stay, inside the mall.
Move Over Avon Lady, the Tweens Are Here


Use with Chapter 4, “Customer Buying Behavior,” and Chapter 5, “Retail Market Strategy”

Whereas once homemakers hosted Tupperware parties or sold Avon cosmetics to their neighbors to supplement their family income, today their granddaughters are adopting the direct marketing model to sell to their middle school classmates. An expanding roster of retailers is pulling its products from traditional store shelves and relying on young fans to sell products to their friends, as well as recruit other tweens to sell even more.

At Willagirl parties—held either at friends’ houses or online—young teen salesgirls encourage their pals to try face creams, lip glosses, and acne washes. The nearly 50 Willagirls—as the company calls its adolescent sales representatives—currently working for the firm earn 25 percent of any sales they make. Girls whose parents host parties earn free products worth the equivalent of 15 percent of the sales completed during the parties.

Other companies use similar models but sell other products, such as jewelry and accessories. Stella & Dot relies on more than 20,000 sales reps, and Origami Owl boasts approximately 60,000 sellers in its network.

Unlike their parents’ or grandparents’ parties though, these direct sales models make extensive use of modern communication technologies. Party invitations speed through text circles because, as one 13-year-old Willagirl scoffed, “nobody uses email anymore.” This same Willagirl makes great use of her smartphone to recruit and coach other Willagirls as well, because the structure of the sales organization encourages multilayer marketing. For every new sales rep a Willagirl recruits, she earns 5 percent of that rep’s sales.

Critics contend that such multilayer marketing practices are risky and dangerous for rational adults, much less children. Some analyses indicate that only the top 1 percent of the participants in such hierarchical sales organizations actually earn profits; the others tend to lose money, because of the outlays they must make in purchasing products to sell.

Willagirl notes that its adolescent sales reps are not required to maintain inventory on hand. Rather, the company ships sold products directly to buyers. However, working as a sales rep requires a functional sales kit, and the introductory version of this kit costs the seller $199.

Discussion Question:

1. What is Willagirl’s retail strategy, that is, its retail format, target market(s), and bases for sustainable competitive advantage?

   Willagirl uses a direct selling, multilevel marketing format, such that individual sales reps convince their friends and acquaintances to purchase directly from them during informal parties and interactions. Existing reps also encourage their friends to join them as Willagirls. Its products directly target adolescent girls, and thus its sales reps come from this consumer population as well. Because it appeals to girls in ways and environments that they enjoy and appreciate, it can sell better to them than competitors that rely on stores as distribution channels, for example.
17 Minutes Defines Local

Tom Ryan, Retail Wire, June 2, 2014

Use with Chapter 8, “Retail Site Location”

A recent study provides some detailed insights about just how far consumers are willing to travel to access different types of retail offerings. This study surveyed more than 800 consumers and focused on 13 different retail categories.

The results revealed that people will drive 16 minutes to get to a general store but only 12 minutes to access their gym or yoga studio. They are willing to travel farther to find a wedding retailer (23 minutes) or medical provider, such as a dentist or doctor (21 minutes). In addition, shoppers will drive 20 minutes to get to a clothing retailer but only 14 minutes to visit their hairdresser. The overall average drive time was 17 minutes.

The study also noted some demographic effects on drive time choices. Although most of these distances did not vary by age, younger customers did express a greater willingness to travel farther to wedding-related stores, whereas older ones would drive more miles to visit their accountant. In contrast, women consistently expressed willingness to go farther to meet their retail needs, such as 5 more minutes to visit a hair salon or 3 more minutes to get to a yoga class, compared with their male counterparts.

Although people residing in more rural or remote areas obviously tended to drive farther to access all the categories of retailers, this study suggests that retailers’ attraction might not be as strong as many of them assume it is. There are some exceptions though: Bass Pro Shops claims that its customers drive an average of more than 50 miles to get to one of its fun, experiential locations.

Discussion Questions:

1. Why are people willing to spend more time driving to a destination store like Bass Pro than to a convenience/general store?
   Destination or specialty stores generally have a larger and/or a more desirable assortment. Customers are willing to put in more effort to get to these stores.

2. How can retailers use this information to define their trade areas?
   Using the principle of cumulative attraction, trade areas are generally larger for destination/specialty stores than they are for convenience/general stores.

3. How would this information be used to define the parameters of Huff’s model?
   (Students should get extra credit if they get this right.) The type of store affects the lambda (λ) in the equation. The impact of travel is more important for convenience stores than for destination stores. Thus, λ is greater.

BACK
Home Depot: The Place to Go for Toilet Paper?

Shelly Banjo and Serena Ng, The Wall Street Journal, June 6, 2014

Use with Chapter 12, “Managing the Merchandise Planning Process”

By paying attention to what consumers are actually buying in their stores, many big box retailers that previously sought to stock a focused product assortment are shifting their inventories to feature more seemingly mismatched items. Shoppers at Home Depot wanted charcoal to go along with the new grills they had just bought, and laundry detergent to use with their new washer/dryer combo, so the home improvement store has expanded its offerings of such consumer goods.

Other examples may seem even less convergent though. Staples now stocks coffee pods, because office employees and home-based workers rely on their single-serving machines for a caffeine boost. But it also provides personal deodorant and shaving cream. By stocking such items, Staples hopes that people popping in for toner will also appreciate the convenience of purchasing some basic necessities in the same store, rather than visiting another retailer to gather such items.

Another driver of an expanded product assortment is the potential these assortments offer for increasing repeat visits. For example, Best Buy pushes personal soda machines such as Soda Stream, because a customer who buys the machine from this retailer is likely to return to the same store to refill the CO₂ cartridges that the machines require. Such return visits further encourage more impromptu purchases of the latest DVD or a new set of headphones.

Finally, for retailers that sell products that are easy to purchase online, expanded assortments increase the chances that shoppers still will visit their storefronts. Most electronics and office supplies are dominated by online sales, yet shoppers still tend to buy cleaning supplies in person. Thus, as U.S. consumers reduce their number of shopping trips by an average of 3.8 percent, retailers increasingly promote themselves as viable options for shoppers to cover all their needs in a single trip. When you need a sufficient supply of toilet paper, it just might be worthwhile to make the trek out to Home Depot.

Discussion Questions:

1. How are stores like Home Depot and Staples changing their merchandise strategy?
   These big box retailers are expanding their product range, such that their merchandise strategies are less focused and more diverse.

2. Do you believe this is a good idea?
   These strategic moves appear beneficial, because consumers enjoy being able to find and purchase multiple products that they need in one place. However, there is also a risk involved, in that the stores might lose their strong current image or positioning. If Home Depot becomes a place people mainly buy toilet paper, it risks the possibility that consumers would no longer think of it first when they need tools or home improvement supplies.
What’s the Rush for Same-Day Delivery?

Daphne Howland, Retail Dive, May 12, 2014. See also Serena Ng, “Zulily Customers Play the Waiting Game,” The Wall Street Journal, May 5, 2014

Use with Chapter 10 “Information Systems and Supply Chain Management,” and Chapter 18, “Customer Service”

It isn’t just Amazon. Several notable retailers, including Walmart and eBay, also are pursuing the goal of same-day delivery, promising consumers that they can receive products mere hours after they place orders for them. The efforts have sparked growth in the parallel market of courier services, which facilitate the rapid deliveries.

Even as these major players continue to find ways to overcome the logistics challenges though, other barriers emerge that question the very notion that same-day service is fundamentally a good idea. In particular, studies by the Boston Consulting Group suggest that consumers just are not that interested in it. Only 9 percent of consumers listed this rapid delivery service as a determinant of their shopping choices, whereas 74 percent asked for free delivery.

In contrast, the experience of Zulily suggests that this report might underestimate the importance of at least timely shipping. This discount online retailer purposefully limits expenditures on its distribution system, to keep its costs low. It also places orders with vendors only after it receives the parallel orders from its customers. In turn, deliveries of items take three to four weeks—or longer if huge purchase rates of popular items create a backlog in its supply chain. Even customers who previously might have expressed their willingness to wait, in exchange for great deals, become frustrated enough to complain when Zulily fails to meet its predicted delivery dates or the wait times extend out to six weeks or more.

The experience of Zulily customers contrasts notably with the experience shoppers receive when they patronize same-day delivery retailers. To qualify for the same-day services, customers generally pay extra, with average charges of $6–$10 per order. In most cases, customers also must place the order early in the day (e.g., before 8:00 a.m.), which may not be convenient. Finally, most retailers set a minimum threshold, such that the order must surpass a certain price limit for the same-day service offer to kick in to gear.

Another consideration appears particularly resonant for the relatively wealthy, Millennial consumers that Amazon, Walmart, and eBay target with the promise of same-day delivery. To achieve this service, both the retailers and their courier partners rely on warehouse and delivery workers to work more hours, but also more efficiently. Reports of inordinately long hours spent in a warehouse packing shipments, or delivery drivers required to work seven days per week, may spark backlash among this generational cohort, with its well-cited interest in social justice and fair treatment of workers.

Discussion Question:

1. What are the advantages and disadvantages of same-day delivery from a retailer’s perspective?

   A retailer that can get consumers the items they want on the same day establishes a powerful competitive advantage. Few competitors can offer a similar service, and the rapid delivery likely makes this retailer a prominent figure in consumers’ consideration sets. However, the service is difficult, expensive, and potentially harmful to workers. Moreover, there are questions about whether consumers really value it. If consumers don’t want same-day delivery, investing in this capability ultimately would lead to revenue losses for retailers, because they would be spending additional resources creating a service that customers refuse to pay extra to obtain.

BACK
Costco’s Pay and Perks Set It Apart from Rivals

Tom Ryan, Retail Wire, June 2, 2014

In an anonymous survey of workers, employees at Costco were the only retail workers to establish their strong satisfaction with their employer. The results of the survey made it clear why they liked to work for Costco: Average pay rates were significantly higher than those offered by comparable retailers, such as Sam’s Club or Target. In particular, Costco cashiers make an average of $15.20 per hour, supervisors earn around $22 per hour, and on average across the chain, employees bring in an average of $20.89 for every hour they work. But high average pay rates were not the only perk that landed Costco on among the best places to work. Employees also enjoy guaranteed hours and flexible scheduling, access to profit-sharing plans and comprehensive health care, as well as good retirement plans. Perhaps unsurprisingly, Costco’s chief executive officer thinks such provisions should be nearly standard and recommends raising the federal minimum wage to above $10 per hour.

Survey Says Trader Joe’s Is America’s Favorite Grocery Chain

George Anderson, RetailWire, May 29, 2014

When asked which grocer was their favorite, 6,200 North American consumers mentioned Trader Joe’s most. Although they indicated that they shopped more frequently at Walmart, these customers found Trader Joe’s far more satisfying. They especially appreciated Trader Joe’s private-label options, as well as its embrace of sustainable principles, including a range of organic food choices. Furthermore, shoppers noted the appealing environment in stores, marked by friendly, courteous staffers and speedy checkouts. Thus, they awarded the quirky grocery chain most favored status, for the second year in a row.

Survey: Consumers Concerned About Privacy; Will Share Some Data

Dan Berthiaume, Chain Store Age, June 3, 2014

Unlike previous generations, young consumers do not assume that they will receive privacy protections online. But they also don’t seem to care much. According to a recent survey by Accenture, 80 percent of people between the ages of 20 and 40 years in the United States and United Kingdom no longer expect digital privacy, and approximately half of them would agree to expose their buying behaviors in return for better, more targeted offers from brands. Still, more than half of them try to protect their privacy to some extent by typing in their credit card information for every purchase, instead of allowing retail sites to store the details. But when it comes to deal offers, they really want them: Even in stores, 64 percent like to receive text messages with promotions that match their purchase preferences or their indicated location in the store.

5 Retail Start Ups to Watch

Kelsey Lindsey, Retail Dive, June 4, 2014

Five promising new technology companies seek to change the way consumers buy. For example, taking the temporary rental concept from Airbnb, Storefront facilitates the popup retail phenomenon, by helping retailers find space to set up
a temporary store in vacant locations. Yet another trend also borrows from an existing popular concept—in this case, food trucks. Mobile retail relies on trucks and trailers, which tend to cost around $30,000 to implement, far less than the $100,000 required to open a traditional brick-and-mortar store. Three other retail innovations involve technological components. SpyderLynk helps retailers integrate quick codes into their advertising without requiring the ugly black-and-white blocks, which consumers can access using any mobile device, not just smartphones. Tulip Retail promises to link online and in-store operations by performing order fulfillment operations for large retailers. Finally, ID.me provides a verification service for military veterans that enables them to receive the same discounts for which they are eligible offline when they make their purchases online.

Is the Suburban Mall Headed for a Rebirth?

*Michael O’Hara, Retail Wire, June 4, 2014*

Although nearly 40 percent of the regional malls in the United States have closed, the ones that have survived account for approximately half of all retail sales. That is, even as some observers predict the end of enclosed malls, others predict a resurgence in their popularity. The latter group points to growth in suburban and exurban residential trends, at the expense of urban locations. When suburbs grow faster than city centers, it benefits retailers in shopping center and mall locations, which tend to appear farther away from the urban core. This marked growth trend among suburbs applies to at least 31 major metropolitan markets in the United States. Such housing trends also benefit retailers in another way: People who buy houses in the suburbs need more lawn, garden, and home goods than residents living in small, urban spaces.

Shopping Looks to a Virtual Future

*Mae Anderson, Detroit Free Press, June 2, 2014*

Across several emerging retail trends, the common feature seems to be the goal of making shopping fun. For example, Hointer, a retail store in Seattle, displays the clothing it sells as if they are works in a gallery, hanging one item of each offering. Shoppers use their smartphones to choose what they want to try on, in a particular color and size, and by the time they reach the fitting rooms, store employees have placed the appropriate selections in a room for them. A promising technology also takes this enjoyable shopping experience a step further by creating three-dimensional holograms, enabling people to virtually try on various styles, colors, and cuts without actually changing their clothes. Even household appliances might be getting in on the fun, such that the washing machine places an online order for more fabric softener when levels get low, the freezer replaces ice cream supplies as necessary, and the lighting system senses when a bulb has gone out. Then all these items get delivered together from an online grocery supplier linked to the household.