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

- Men’s Luxury Shops Lose Snob Appeal (Chapter 17)
- ‘Small Box’ Retail: Passing Fad or ‘Eureka Moment’ for e-Commerce? (Chapters 4 & 5)
- Starbucks Aims to Move Beyond Beans (Chapter 5)
- For Once-Mighty Sears, Pictures of Decay (Chapter 5)
- How South Florida Supermarkets Move Customers Through Their Stores (Chapter 17)
- DIY Chain Tests Variable Pricing (Chapter 11)
- First Comes Love...Macy’s Woos the Millennial Market (Chapter 4)
- The Touch Screen That Came to Dinner (Chapter 3)
- Ulta Grows By Offering Three Beauty Stores in One (Chapter 5)
- For Shoppers, Next Level of Instant Gratification (Chapter 3)
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Retail Tidbits

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Teaching Tips

Teaching Tips: Designing Storefronts (Chapters 7, 8 and 17)
By Elizabeth B. Goldsmith, Professor, Florida State University

I do an in-class group assignment involving designing and creating storefronts. The inspiration came from Chapter 8 on Retail Site Location and, in particular, the section on Location Characteristics. Visibility is described as the customers’ ability to see the store from the street. Good visibility, signage and so forth, can make or break a store. I start the class by showing 40 slides of retail storefronts taken off the Web. (These slides are available for your use. Just email me at: egoldsmith@fsu.edu.) The slides range from a big boot outside L.L.Bean to more sophisticated Fendi (a luxury Italian company featuring women’s furs, leather, and handbags). I look for variety; from mall stores to urban street locations, a range of prices levels, and also have a few slides of the same store brand at different locations. We talk about lighting, doors (single, double, large, size, color, glass or solid), signage (name of store where placed, top, left, right, logo vs. name), and windows and displays in windows.

After seeing these slides and responding to them, I ask the students to split into groups of 5-7 and to take out a piece of paper and pencil/pen. One person per group is selected by the group to draw the ideal storefront with a name, door, windows, landscaping if near the front (palm trees, potted plants), and lights (for example carriage lamps on each side of the door).

Every member of the group provides input to the design. A few members usually come up with the name, while others define the type of target clientele and merchandise.

As the instructor, I circulate through the class to provide encouragement and make sure everyone feels included in their group and contributes. After twenty minutes or so, student groups present their sketch to the class by holding up the drawing and discussing the concept.

This exercise is extremely well-received and facilitates discussion about their likes and dislikes about stores. Many students comment that they had never noticed storefronts before.

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
Men’s Luxury Shops Lose Snob Appeal

Ray A. Smith, Wall Street Journal, November 19, 2013

Use with Chapter 17, “Store Layout, Design, and Visual Merchandising”

Luxury brand retailers like Barneys, Bergdorf’s and Paul Stuart are revamping their men’s sections to make them more inviting. Today’s male shopper wants a more informal in-store shopping experience that includes options for weekend clothes as well as work clothes in one shopping trip. Traditionally, men’s departments have been very stuffy and have included wood-paneling and more formal environments. Now, retailers are adopting strategies similar to women’s departments by taking down walls to allow shoppers to see more of the department’s offerings.

Bergdorf’s is renaming its men’s store to Goodman’s. It has knocked down walls surrounding the entrance to increase visibility. Luxury products that used to anchor the entrance are now replaced with men’s bags, leather goods, and grooming products.

Lord & Taylor’s New York store expanded its men’s department from one floor to two and removed dark wood and bulky fixtures. The company used a lot of white or off white colors and chrome fixtures to appear very modern. Macy’s, Neiman Marcus, and Saks Fifth Avenue are all renovating their men’s sections in some of their U.S. stores.

Men’s clothing is also shifting to a slimmer silhouette. Many men are now shopping to replace dated products with newer products that reflect modern trends.

Sales of men’s apparel are up 2.8% for the first three quarters of 2012. Sales are growing more quickly than in women’s apparel. Worldwide, sales of men’s apparel grew 10% last year versus 8% in women’s apparel. Luxury retailers have noticed that the subtle changes in store design have encouraged men to stay longer in the stores.

Discussion Questions:

What are some retailers doing to appeal to male shoppers?

Many retailers are renovating the men’s departments in their stores in order to create a more modern, informal shopping environment for male customers. This includes updating features, changing the layouts, and offering a broader assortment of merchandise.

Do you believe this is a good idea? Why or why not?

Ask students if they think that most men’s sections in department stores need a makeover. Considering that the sales of men’s clothing is exceeding the sales of women’s clothing, it is probably wise for retailers to invest in making the shopping experience more appealing for the male customer.
‘Small Box’ Retail: Passing Fad or ‘Eureka Moment’ for e-Commerce?

Knowledge@Wharton, October 10, 2013

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

Discovery commerce is a new trend where customers can subscribe to a service and receive a “surprise” tailored to the customer’s tastes once a month. Discovery commerce evolved as a response to the overwhelming assortment that customers are exposed to now that customers can shop online any time for anything. For example, NatureBox subscribers can receive boxes of healthy snacks every month in return for their $20 subscription. Stitch Fix charges customers a $20 monthly styling fee in return for five hand-picked garments and accessories to try on. All or none of the items can be bought or returned. Birchbox, for a $10 fee, sends its customers a box of lip-gloss, shampoo, face cream, etc, that is individually tailored through a profile questionnaire. Many of these “surprise” trial boxes lead to purchases of full-sized merchandise.

According to Wharton marketing professor, Barbara E. Kahn, customers use subscription services because it is like a “new fun treasure hunt for things.” Many customers appreciate the help of having someone else do the searching for them. Customers also love coming home every month and finding a surprise waiting just for them. Companies that have been successful in discovery commerce provide products that are regularly needed for consumption (ex. shaving cream), products that make good gifts (ex. stationary or toys), or products for people who want to learn more about a particular product category (ex. wine or cheese). Consumers are willing to pay for the help of discovering products that are attractive to them.

For manufacturers, using discovery commerce is also a great way to get products in front of customers for them to try. Some skeptics argue that this type of sales interaction is no different than a Mary Kay or Avon representative coming to the door with items just for you. Skeptics also compare this model to an educational program called Things of Science that shipped science kits to homes and science clubs across the country. This program ran from 1940 to the 1980’s. The size of discovery commerce is hard to determine, yet it is clearly gaining momentum. Birchbox, for example, had revenues just under $40 million for 2012 up from $5.5 million the year before. While it is growing, doubters do believe that eventually the novelty will wear off. How can these companies continue to delight customers after the sixth or seventh box of new stuff?

The best way for companies that engage in this practice to succeed is to develop authentic relationships with customers and develop a brand that customers can really engage with. These companies should also seek diversification strategies for growth, including new products or traditional retail offerings. Companies also need to really know their customers so that they can provide them with the best assortment that is interesting and meaningful to them. To do this, retailers rely on big data, including things like what music customers might listen to on Pandora.

Discussion Questions:

What is “discovery commerce”?

“Discovery commerce” involves retailers charging consumers a subscription service and in return sending them a monthly package of products for them to try. The items are tailored to the unique tastes of the consumer.
Why do people like it so much?

People like “discovery commerce” because it allows them to ‘discover’ new products that might teach them something new about a subject or help them find products that they might not have been able to find otherwise. People are willing to pay to have someone else do the searching for them. People also like discovery commerce because they love coming home every month to a surprise package!
Starbucks is trying to extend its brand beyond coffee to dominate the entire food and beverage market. Starbucks recently spent $70 million to build a plant that will produce cold-pressed juices. In the past two years, Starbucks has also acquired Evolution Fresh Juices, La Boulange Café and Bakery, and Teavana. La Boulange pastries are now available in 3,000 Starbucks locations. Teavana just opened its first tea room in New York. Evolution Juice is currently available in Whole Foods. Starbucks also has plans to open stores dedicated to the brand that include features allowing customers to mix their own juices. Starbucks' new ventures are working as sales are up 11.7% in the first three quarters of 2013.

Starbucks has struggled to lure customers into its stores in the afternoon hours as morning hours are more popular for coffee drinking. Currently, beverages, mainly coffee drinks, account for almost 75% of the company's sales. Many retail analysts wonder if introducing so many new items is sustainable for Starbucks. The logistics of introducing new food items in thousands of locations has also been cumbersome as many locations don't have space for prep work. Also, some consumers worry that Starbucks isn't focusing as much on its competitive advantage, which is coffee. Yet, Starbucks believes that in order to continue to grow in the food and beverage sector, it needs to pursue more than coffee.

**Discussion Question:**

**What growth strategies are Starbucks pursuing?**

For Starbucks, the introduction of La Boulange pastries is a market penetration opportunity as it tries to get more of its current customers to buy more products. Opening tea and juice bars are both a format development and diversification strategy. Starbucks will use the new formats of the stores to appeal to its current target markets as well as attract new markets.
For Once-Mighty Sears, Pictures of Decay


Use with Chapter 5, “Retail Market Strategy”

Recently, a blog post entitled, “18 Depressing Photos That Show Why Nobody Wants to Shop at Sears,” went viral, attracting more than a quarter of a million views. The photos showed rundown locations with barren shelves and little signs of customer activity. However, the hedge fund manager, Edward S. Lampert, who is the majority owner and CEO of Sears, believes that the photos of these core Sears stores represent the future of the retailer.

In October, Sears announced that it was going to split off Lands’ End and the Sears Auto Center brands in order to raise cash and become a “more focused company” according to company statements. Lands’ End will be spun off into a new public company. Sears will likely try to find a buyer for the Sears Auto Centers. In this same announcement, Sears also indicated that its same store sales were down 3.7% from the same quarter in 2012.

Retail analysts are now suggesting that Sears is in a rapid deceleration and is losing under the pressure of Walmart, Target, Home Depot, and Amazon.com. Analysts also speculate that after losing the assets of the auto centers and Lands’ End, that it is only a matter of time before the company begins liquidating. Analysts speculate that Sears Canada, Kenmore, and Craftsman will be some of the first brands to go. According to Credit Suisse, there is more value in Sears when it is broken up than there is when it is together.

After the liquidation efforts, all that will remain of Sears and Kmart are the stores, many of which are suffering. Sears has indicated that it intends to close more stores while trying to minimize the associated costs. Closing stores can often increase costs due to severances, pension obligations and real estate costs.

Discussion Questions:

What is Sears’ plan going forward?

Sears’ plan going forward is to divest portions of the business and become a more focused company. It recently announced that it would divest Lands’ End and Sears Auto Centers. Analysts believe that it will soon divest Craftsman, Kenmore, and Sears Canada.

What are the advantages and disadvantages of such a plan?

The advantages are that Sears can earn more capital to re-invest into the Sears stores. The disadvantages include the disintegration of the Sears brand as well as loss of interest from investors.

If you were offered a job at Sears, would you take it? Why or why not?

Sears appears to be a company on the verge of a major decline. This could be a great learning experience for a recent graduate; yet others might be more interested in beginning their career with a firm in the growth stage of the life cycle.

BACK
For most consumers, the retailer that is most visited is the supermarket. On average, customers shop for groceries twice a week and spend around $100.00 per week. Consultants are paid big money by grocery retailers to study the best layouts for the stores to incite more purchases. According to Paco Underhill, a consultant who studies the way customers shop, there are many commonalities in the ways that stores are designed.

Underhill suggests that flowers and bakeries are at the front of the store to get customers’ saliva glands going. Then, stores direct customers to the right, where they will most often find fruits and vegetables. Fruits and vegetables are displayed using theatrical techniques like putting oranges against a black backdrop to make the color pop and the oranges appear fresher and more appealing. The reason that produce is pushed first is because the grocer can earn a higher margin on produce and vegetable items, and sadly, most Americans throw out 20-30% of produce because it goes bad before it gets eaten. Meat and dairy are to the back and in the left hand corner of most grocery stores in order to pull customers deeper into the stores.

The contents of each shelf in a grocery store are usually negotiated between the grocer and the manufacturer. This means that the most popular brands and manufacturers with the most money are able to negotiate the prime real estate that is at the customer’s eye level.

Discussion Question:

Why are items located where they are in supermarkets?

Grocery stores spend a lot of money to determine the ideal location for items. The goal is to increase purchases and to draw customers into the store more.
B&Q is the U.K.’s largest home improvement and garden center retailer. B&Q recently announced that it will begin testing variable pricing as a method of tailoring deals to its loyalty cardholders. B&Q will launch this initiative by using WiFi enabled electronic shelf labels. These price tags will identify passing shoppers by their mobile phone chips and will then access the customer’s shopping history using loyalty card data. From this, the system will identify a suitable price it thinks the customer is willing to pay and will display the price next to the item.

B&Q believes that this system of variable pricing will drive business, increase sales, and appeal to customers. First, B&Q’s prices will change throughout the day, increasing traffic during traditionally off-peak hours. Secondly, B&Q’s incentives to loyal customers will be more efficient than traditional coupons and discounts as customers will be rewarded with lower prices based on their loyalty level. Finally, prices will change based on demand, similar to the pricing structure of airlines and hotels.

Discussion Questions:

What is variable pricing?
Variable pricing involves charging different customers different prices for the same item.

How is B&Q using variable pricing?
B&Q is using variable pricing by creating unique deals for its loyalty customers using previous shopping history. Customer information will be accessed via their smartphones and the price tag will change as the customer passes an item.

If you were a B&Q customer, how would you feel about its use of variable pricing?
Variable pricing might appeal to some students who are constantly seeking a great deal or want to feel part of an elite group of customers at a retailer. However, some students might not appreciate paying a higher price for an item. Ask students to discuss the benefits and drawbacks of this system.
First Comes Love......Macy’s Woos the Millennial Market

Sandy Smith, Store Magazine, October 2013

Use with Chapter 4, “Customer Buying Behavior”

Millennials, consumers born between the 1980’s and early 2000s, are the fastest growing demographic in the United States and they have the most buying power. There are about 80 million Millennials in the United States, outnumbering the Baby Boomers. Macy’s is committed to wooing the Millennial by trying to be there for “every major milestone in their lives.” This includes graduations, interview preparation, bridal registry and baby registry. Macy’s is also launching 13 new fashion lines and repositioning 11 other private label lines to appeal to the unique tastes of the Millennials. Macy’s believes that targeting this group now will cultivate loyal relationships as the demographic ages. Macy’s is ahead of its peer group of other department stores in reaching these consumers. Macy’s does not speak to all Millennials the same way, recognizing that those in their 20’s have different needs than those in their teens. Macy’s research has found that Millennials who are older have different parenting and home ownership styles than their parents did.

Some of the ways that Macy’s is targeting the Millennials includes merchandising strategies. For example, it now showcases furniture to fit homes that are only 650 square feet. Macy’s launched the Marilyn Monroe brand to appeal to Millennials ages 13-22. Bar III merchandise sells well in apparel and fashion and is now making an appearance in home goods. Macy’s also communicates with Millennials through non-traditional forms of advertising. Macy’s communicates through social media, especially Facebook. Macy’s also uses product placement to reach Millennials. For example, in the TV show, “Pretty Little Liars,” characters wore numerous Macy’s private label brand outfits. Macy’s also partnered with fashion magazines like Glamour and Vogue to host private back-to-school shopping events.

Macy’s believes that capturing the Millennials involves establishing brand value, and this means capturing both the functional and emotional needs of the consumer. Macy’s also believes that winning the Millennials will allow them to win with other demographics as well, as Millennials are the tastemakers and trendsetters for their parents and grandparents.

Discussion Questions:

What is Macy’s doing to appeal to the Millennial Market?

Macy’s has launched 13 new fashion lines as well as repositioned 11 private label lines to appeal to the taste of Millennials. Macy’s is also merchandising items in ways that resonate with Millennial customers. Macy’s is also using non-traditional communication methods to reach these customers.

Do you think it is working? Does this strategy appeal to you?

Ask students to comment on Macy’s strategy. Does Macy’s appeal to them? Do they consider Macy’s a cool brand or do they still consider it a traditional department store?
Mobile technology is rapidly changing the way that consumers interact with restaurants. In many ways, mobile technology also gives power to the consumers, with customers feeling like they can share their negative experiences instantly with their thousand online friends. There are also dozens of new apps that expand and streamline the dining experience and help restaurants engage in a more authentic way with consumers. With mobile technology, consumers can search endlessly for dining options using Zagat, Yelp, Urbanspoon, and CitySearch. Because of this tremendous access to information, dining decisions can be spontaneous, impulsive, and collaborative with friends. However, this flexibility leaves many restaurant owners furious as it often leads to reservation no-shows. In an effort to combat this, online reservation system OpenTable sends derisive emails to no-shows and also cancels OpenTable accounts to customers who no-show more than four times a year. Some restaurants are also cancelling their reservation systems in order to project excitement and boost income. The longer you wait for a table, the more you are willing to pay at the bar.

Casual chains like Applebee’s and Chili’s are offering mobile ordering options at the table, instead of the one-on-one interaction with a service in order to appeal to consumer’s desires of convenience and anonymity. It is also likely that in the future, new apps that allow customers to tally and pay their bill electronically will also be more prevalent. This is a convenience for servers as well as diners who don’t want to pay for their friend’s extra margarita.

Discussion Question:

How has mobile technology changed the way people dine out?

Customers can use mobile apps like Zagat, Yelp, Urbanspoon, and CitySearch to search from dozens of restaurant locations. This allows tremendous access to information and allows for spontaneous dining decisions.

BACK
Ulta Grows By Offering Three Beauty Stores in One

Morey Stettner, Investor's Business Daily, October 4, 2013

Use with Chapter 5, “Retail Market Strategy”

Ulta differs from traditional big box retailers and is defined by many as a “supermarket of beauty supplies.” Ulta was founded in 1990 to meet the needs of consumers as a one-stop shop for prestige beauty products as well as basic beauty products, in addition to hair care and styling needs. Ulta favors strip center locations in high traffic areas. Ulta customers appreciate the convenience of the locations and don’t want to trudge through an indoor mall to reach the retailer. Once in an Ulta customers can browse the 10,000 square foot facility for all of her cosmetic, fragrance, and hair care needs.

Ulta stores have in-house salons that give them a competitive advantage and differentiate them from competitor Sephora. Also, these salons generate repeat purchases and cultivate loyal customers. In addition, this allows Ulta to have access to high-end hair care products that might otherwise only be distributed through salons. Ulta engages customers using an “open sell” environment where customers can sample products rather than waiting on a salesperson to get the products out of a case.

Ulta is growing rapidly with more than 600 stores in the United States currently with plans to double that number in the next few years.

Discussion Questions:

What is Ulta's retail format?

Ulta is a big-box retailer that sells both high-end and basic beauty products in an open-sell environment where customers do not have to wait for salesperson assistance.

What are its bases for sustainable competitive advantage?

Ulta stores have hair salons that allow them to distribute high-end hair care products that are traditionally sold only through salons. In addition, the variety and assortment of Ulta salons provide a convenient one-stop shop for customers.

BACK
For Shoppers, Next Level of Instant Gratification

*Hilary Stout, New York Times, October 8, 2013*

*Use with Chapter 3, “Multichannel Retailing”*

Many of us see an item in an advertisement and think, “wow, that looks cool,” and then forget about it. New technology is about to eliminate that delay though and allow customers to purchase directly from advertisements. You see it, you like it, you buy it. In October, MasterCard announced that it would partner with Conde Nast publishing (Publisher of Vogue, Wired, Vanity Fair and other popular magazines) to allow readers to instantly buy items from advertisements in the magazine by tapping a cart icon on the page. This partnership is called ShopThis and was featured in the November issue of Wired.

Peapod, an online grocer that provides home delivery, developed a mobile app that allows customers to restock staple items from home by scanning bar codes via their smartphones. Paydiant, a developer of mobile payment platforms, has developed an app to scan a QR code off a television screen to redeem a coupon or buy something during a commercial. eBay and Amazon have started offering same-day delivery in some cities. Walmart is trying to turn its 4,000 stores into distribution centers. All of these initiatives are designed to satisfy the customer’s need for immediate retail gratification. Only those retailers that can satiate this need will survive the changing retail landscape. Consumers are all about instant gratification.

**Discussion Question:**

*What are retailers doing to satisfy their customers’ desire for instant gratification?*

Mastercard has partnered with publishers to develop an app where customers can purchase items that they see advertised in a magazine. Peapod allows customers to scan bar codes on staple items in their home for immediate replenishment. eBay, Amazon, and Walmart are all attempting to offer same-day delivery services to their customers.
Online Shopping Marathon Zooms Off the Blocks


Use with Chapter 3, “Multichannel Retailing”

China hosts the world’s largest e-commerce event with its annual November 11th, one-day online shopping blowout. This year, Alibaba, the largest Chinese online retailer, reached its target of $5 billion in sales via its online payment system, Alipay. This number is two and a half times the amount that the U.S.’s Cyber Monday raked in in 2012. Western brands like Nike, adidas, Procter & Gamble, also participated in the 11/11 sales activity. Western brands appreciate the increase of online shopping in China as it allows them to communicate with more customers in rural markets that are harder to reach with brick and mortar stores.

Alibaba began this promotion five years ago in conjunction with the unofficial Chinese holiday, Singles’ Day. On Singles’ Day, November 11th, Chinese men gather to lament or toast their single status. Now, Singles’ Day is a banner day for shoppers regardless of marital status. According to retail strategists, Chinese people love to shop, and if given the right reason and occasion, they will spend money. Chinese customers are bargain hunters and that is what drives the success of the 11/11 shopping craze.

The one-day shopping record set this year highlights the extreme growth of online commerce in China. China will soon exceed the United States as the largest online shopping market by spending $290 billion on online sites this year compared to $260 billion in the United States. This growth is expected to continue at an annual rate of 32% over the next two years.

Discussion Questions:

What is Singles’ Day sponsored by Alibaba in China?

Singles’ Day was originally an unofficial Chinese holiday. On November 11th, single men would gather to toast or lament their single status. Alibaba originally began “sponsoring” the holiday as a way to offer discounts to customers and drive sales.

Why is it so successful?

The growth of e-commerce in China is tremendous. Chinese shoppers are willing to spend if the price is right and the occasion is right. Offering a day to have the very best deals appeals to the bargain hunter nature of many Chinese consumers.

BACK
CVS is working hard to develop more strategic personalization efforts with its ExtraCare customers. CVS recently announced that it will offer tailored versions of its weekly print circulars to ExtraCare loyalty program customers. This initiative, myWeeklyAd, will use data gathered from CVS ExtraCare members’ previous purchases. Users of the myWeeklyAd service will also be able to build digital shopping lists tailored to the store that they most often frequent; the list will even tell them what aisle they can find certain products. The service also gives customers customized coupons and offers.

CVS, like many retailers, relied heavily on the distribution of circulars to drive traffic and increase sales. Today’s technologies allow CVS to reach more customers at a less expensive rate, as well as make shopping easier for customers. CVS believes that the myWeeklyAd service will provide customers with increased convenience and create a more personalized shopping experience.

CVS has also created a “What’s Your Deal?” campaign to showcase the individualized attention that customers get. This ad features a mother of two children receiving deals on pain relievers and cleaning wipes, while a lovelorn man might receive deals for mints, candy, and hair gel.

However, some critics argue that making personalized recommendations to consumers can sometimes be intrusive and turn some customers off. Some Internet bloggers have also created memes imitating how some ExtraCare members receipts can extend up to five or six feet with all of the coupons. For many customers, that is just too much.

Discussion Questions:

What is CVS’s myWeeklyAd?

CVS’s myWeeklyAd offers customized print circulars for its ExtraCare members. Members using this service will receive ads customized to their unique tastes and shopping habits. myWeeklyAd also has a digital list service that allows customers to create a list online and tells customers where the products are located in the store they frequent the most.

Do you believe it will garner customer loyalty?

Rewards programs at pharmacy retailers have been very successful. CVS is trying to personalize its relationships with its customers. Offering this service will make the shopping experience easier and more convenient. Many customers might respond favorably to this. Other customers might find the whole process intrusive and become less loyal.
Retail Tidbits

Is Impulse Shopping Bigger Offline or Online?

Tom Ryan, Retail Wire, October 22, 2013

Today’s consumers are used to getting anything they want any time they want with the click of a button. However, a recent survey done by a consulting firm, suggests that 40% of the 3,000 respondents report spending more money on unplanned purchases in retail stores, versus 25% who report spending more when shopping online. The consulting firm suggests that this is due to the purpose of the shopping trip. When customers go to a store, it is more likely an occasion or a time to spend browsing. When consumers shop online, it is usually for a “mission” to find a specific product at the lowest price.

Groceries Are Cleaning Up in Store-Brand Aisles

Stephanie Strom, New York Times, October 1, 2013

Many shoppers used to steer clear of store-brand products believing them to be inferior and poor quality. However, today, the store-brands are often the star of the grocery shelves. This is good news for grocery retailers as grocery brands can preserve already slim profit margins as well as build store loyalty.

In a recent survey by Market Force Information, 96% of respondents claimed to purchase private-label brands at least some of the time. The recession forced many consumers to be more thoughtful in their shopping habits, leading to an 18.2% increase in private label sales over the past three years. This is more than twice the growth rate of national brands during the same timeframe.

The increased use of private-label brands was also influenced by European retailers who primarily stock their shelves with private labels. Trader Joe’s is owned by German retailer Aldi and sells Trader Joe’s brands almost exclusively. Retailers have also invested heavily in developing top of the line private label products. This includes investments in test kitchens, the hiring of culinary experts, and research into packaging and design.

In September of 2013, Consumer Reports published taste tests comparing national brands to private-label brands. Consumer reports found that 33 of the 57 store brand products that were sampled were as good or better than the national brand version.

Value Added: Grocery Store Pickups Could Be Next Business Disruption

Thomas Heath, Washington Post, October 6, 2013

Grocery store pick-up services are now changing the game for the grocery industry. For example, Giant supermarkets on the east coast has purchased gas stations and turned them into drive through grocery stores for online purchases. Grocery delivery pioneer, Peapod, offers traditional home delivery, whereas Giant allows you to purchase online and drive to the store and have your purchases placed in your trunk without even unbuckling your seatbelt. Giant has just launched this pickup store campaign in 20 locations.
Relay foods, another retailer on the east coast, has established 35 pickup locations in the Washington area. Safeway and FreshDirect will be following suit soon. Many believe that the online ordering and in-store pickup model is the future of grocery shopping.

**Amazon to Deliver on Sundays Using Postal Service Fleet**

*Cecilia Kang, The Washington Post, November 11, 2013*

Amazon announced in November that it will begin Sunday delivery via the United States Postal Service. This is the first time that the USPS has delivered packages at regular rates on Sunday; prior to this initiative, customers had to pay an extra fee for Sunday delivery. The initiative began in Los Angeles and New York but will expand more in 2014. This is a win-win for both partners. For years, Amazon has wanted to offer seven days a week shipping, but the fees are too high. With this deal, the USPS has agreed to not charge Amazon or its customers any extra for the Sunday delivery. The USPS has seen volume drop by half in the past decade. As online shopping grows, the USPS is happy to deliver packages to consumers on Sunday. The USPS also hopes that this partnership will open up doors with other retailers who want to get their products to customers faster.

**Verizon Unveils Big Box ‘Superstores’ in Bid to Reinvent Wireless Category**

*Shareen Pathak, AdAge, November 19, 2013*

Verizon, perhaps in an attempt to emulate Apple’s success, has recently launched large destination superstores where customers can hang out, interact with sales staff, and test new devices. The first superstore launched in the Mall of America, with others slated to open soon in Chicago and other high traffic areas. These superstores were created to help educate customers who maybe aren’t making the most of their technology. The current superstore is 9,715 square feet and has lifestyle zones where customers can test gadgets and talk to Verizon experts. For example, one lifestyle zone is called the “Get Fit” zone. Customers can test technology like FitBitZip that helps them achieve their fitness goals. Another zone, “Amplify It”, appeals to music fanatics and shows them different speaker as well as recording technology. These stores are also designed to bridge the online shopping and in-store shopping experience, creating a more seamless interaction with the customer.