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

- Abercrombie to Remove Logos from Most Clothing (Chapter 13)
- Beacons: The Opportunity for Rich CRM (Chapter 3)
- Corporate Dress Codes Relax in an Age of Tattoos, Piercings (Chapter 16)
- Kroger Using House Brands to Power Growth (Chapter 13)
- One Way Online Shopping Is Actually Helping Brick-and-Mortar Retailers (Chapter 3)
- Nordstrom Continues Digital Push with Trunk Club Deal (Chapter 18)
- Should CVS’s Competitors Also Say Bye to Tobacco? (Chapter 13)
- Fashion Brands’ Message for Fall Shoppers: Buy Less, Spend More (Chapter 12)
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Retail Tidbits

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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
Abercrombie to Remove Logos from Most Clothing


Use with Chapter 13, “Buying Merchandise”

The prominent, obvious, distinctive logos that once represented the height of fashion are now signals that the wearer—and the brand that makes them—are terribly out of touch. For Abercrombie & Fitch, the brand that made its name among young consumers by emblazoning everything with massive lettering, requires a complete renovation of the brand’s strategy, pricing, designs, and stores.

Slumping sales for several quarters in a row exemplify what virtually every teenaged stylist could tell us: Kids no longer want to carry advertisements for the brand logos on their backs. Instead, they seek out unmarked clothing items they can mix and match with products from other brands, creating individualized looks that span multiple brands. This approach also allows them to save money on their clothing purchases, especially if they find their preferred anonymous items at low-priced fast fashion retailers such as H&M and Zara.

For Abercrombie & Fitch, the market shift in directions precisely opposite its retail strategy has invoked radical changes. Its chief executive announced that virtually no logos will appear anywhere on the clothing sold through its North American stores (though European shoppers can still find some). To make room for the new lines of unmarked clothing, Abercrombie & Fitch also is drastically discounting its remaining inventory of logoed clothes.

This price shift is remarkable for the company, which long relied on an upper end, masstige approach. It charged high prices to shoppers for the privilege of wearing its logo. Now that that privilege seemingly no longer interests consumers, the retailer must lower its prices to bring its offerings closer in line with—if not quite as inexpensive as—its fast fashion rivals. In further efforts to compete with these brands, Abercrombie & Fitch has committed to speeding up its supply chain and finding new ways to cut costs. Still, it expects to close up to 60 stores in the next year.

Discussion Questions:

1. Why is Abercrombie & Fitch transitioning to logo-free apparel?
   
   It is following the market. Young consumers no longer consider logoed clothing cool, so to appeal to them, the retailer must change its style.

2. For a clothing brand such as Abercrombie & Fitch, what are the risks and rewards of a logo-free strategy?

   The risks stem from moving away from what made the brand distinctive. It has long worked to develop an image, and moving away from the striking logos means that the image could suffer. It's may also be less distinctive, and therefore less “valuable” without the logos. The rewards are the potential improvements in sales and performance that the company might realize by giving customers what they want.

3. What factors do you think are driving the fashion trends away from logos?

   The increased availability of fast fashion has made it easier for young consumers to develop an individual style, made up of components from various brands. They also have celebrity examples of others who refuse to be limited to a single look, such as Kate Middleton, the Duchess of Cambridge, who is famous for mixing haute couture with inexpensive items from Top Shop.

BACK
Beacons: The Opportunity for Rich CRM

Punheet Mehta, MediaPost, September 29, 2014

Use with Chapter 3, “Multichannel Retailing”

The emergence and spread of beacons—the Bluetooth-enabled, wireless transmitters that retailers use to communicate with people’s smartphones—is prompting reconsiderations of in-store marketing tactics. According to at least one observer, they also should be pushing consumer product goods companies to reconsider how they work with retailers to convince shoppers to consider and grab their offerings from shelves.

A recent blog post points out that shoppers are not only in search of coupons or price discounts as they walk through stores. Most of them need or want additional information, whether about specific products or in the form of ideas for using various items in combination. Therefore, if manufacturers work within the retailer’s beacon system, they can list comparative sodium content for their brand of soup as soon as a grocer shopper enters the soup aisle. A pasta company might push an interactive recipe to a harried shopper, running into the grocery store at 5:30 p.m., demonstrating how to combine a few ingredients to make a quick, simple, nutritious dinner.

Although beacons do not necessarily require shoppers to have related apps on their phones, there might be benefits from limiting push marketing, to avoid pinging a consumer every time he or she turns around. One way to ensure these limits is to work within the retailer’s system; if the retailer does not have a beacon, vendors need to solicit permission to place their own beacons strategically. A clothing brand then might locate a beacon inside a clothing rack that features its offerings—but only at that rack, to avoid conflicting signals. Then it could send a quick review of pieces combined in attractive outfits, or coupons for purchases over a certain dollar amount, or detailed information about the country of origin of the pieces when a consumer approaches the rack.

Regardless of the type of cooperation, the partners in the retail supply chain can vastly enhance the shopping experience by relying on beacon technology in a way that is appropriate, helpful, and appealing to consumers.

Discussion Questions:

1. What is an in-store beacon?

A beacon is wireless technology that relies on Bluetooth software to detect and send messages to smartphones that venture into the proximity of the device. Their primary goal is to expand the shopping experience by providing shoppers with coupons, information, or other marketing communications.

2. How should retailers work with their vendors to develop effective beacon programs?

Retailers should make sure that their customers are not annoyed by too many beacon messages. Whether they rely on vendors to supply the devices or allow vendors to leverage their existing system, retailers should take responsibility for making sure that the communications are consistent, enjoyable, and beneficial for everyone.

BACK

Photo Credit - © dolphyn / Alamy Extended Credit Required= N Business Unit Rights = MHE World Asset Source= Alamy Images
Corporate Dress Codes Relax in an Age of Tattoos, Piercings

John Kell, Fortune, September 17, 2014
See also “What Employers Should Learn from Wal-Mart’s Dress Code Controversy,” Knowledge@Wharton, September 22, 2014

Use with Chapter 16, “Managing the Store”

Whether it is the desire to show off their latest ink or a preference to wear black pants instead of khakis, retail employees often find themselves limited in their expressions, especially if they work for national retailers such as Starbucks or Walmart. Rules prohibiting visible displays of tattoos or piercings have long been in place for many stores, and dress codes often mandate exactly what colors and styles of clothing are acceptable.

But some of these regulations are softening, evidently in response to changing cultural and social acceptance of a more casual, individualistic approach to dressing. Following its competitor Peets, Starbucks thus has begun to allow visible tattoos on baristas, though it mandates that they cannot contain any offensive content (e.g., nudity, obscene language). Employees who once might have worn long-sleeved shirts all year long now might be able to display their inked armsleeves.

Walmart is becoming both more lenient and more strict in its dress code. It still prohibits visible tattoos and piercings, but rather than only khaki pants, employees may now wear black pants as well. But with those black pants, they must return to sporting the blue Walmart vests that mark them as available to help shoppers. Such vests are effective signals in large stores such as Walmart and Home Depot, where customers might be relieved to find the brightly dressed employees who can help them find the right drill bit or paint roller.

For Walmart though, the shift in the dress code created a resurgence of the conversation about how it treats employees. One store clerk complained, in a letter to company headquarters, that buying new clothes to match the dress code, even at Walmart, was more than his salary would cover.

Retailers legally may impose virtually any dress code they want, but the pushback from employees might not be worth it. Many young employees consider their tattoos or piercings a part of their self-expression, and this cohort is unlikely to agree to cover those artistic renderings for such a vast portion of their daily lives.

Discussion Questions:

1. What are the advantages and disadvantages of relaxing corporate dress codes from a retailer’s perspective?
   Retailers can appeal more to employees, who are no longer restricted in what they wear, and they can better match changing social norms. However, a relaxed dress code opens new room for problematic appearances (e.g., offensive tattoos) and make it more difficult for customers to identify store employees.

2. What policy would you recommend to these retailers? Defend your answer.
   Retailers should adopt a policy that reflects their retail environment. For example, large stores make it difficult for shoppers to find help right away, so bright vests probably are a good idea. If a retailer is an upscale clothing store, it should require that its employees look upscale as well. However, in convenience stores and smaller shops, the retailer probably can be more relaxed, because customers can easily identify the employees who stand behind the counter, and they do not expect any fancy clothing. Across the board though, retailers need some standard to avoid allowing employees to offend clientele (e.g., no shirts with racist images or offensive language).
In the realm of private labels, Kroger’s strategy has been both long-standing and innovative. Some of its private labels have been in stores for decades, yet the grocer continues to find new ways to expand its private-label presence and vary its offerings for customers.

In the 1990s, Kroger first started playing around with store brands, developing its eponymous version, a high-end Private Selection line, and a Value label. In more recent years, it has further expanded its store brands to include Simple Truth (an all-natural line of products), Check This Out (for paper and cleaning products), PS$t (canned goods), and Heritage Farm (fresh foods) brands. In addition, it chose to phase out the line of Value brand products.

These moves reflect its general private-label strategy, in which these store brands are no longer poor quality, cheap alternatives. Rather, the options offer a broader array of choices to consumers. The primary goal is to fill any gaps in the product offering, to make sure customers get whatever they need and want. It seemingly is successful in this effort: The Simple Truth brand, which caters to shoppers seeking to avoid artificial additives, is on track to become a $1 billion brand, just two years after its introduction.

In some cases, the store brands are less expensive than national brand counterparts—but not necessarily. Furthermore, Kroger insists that the quality of its store-branded products maintain at least a minimum standard, so that customers actually might prefer those options, regardless of the price. Several Kroger representatives and customers mention its peanut butter specifically as a high quality, delicious product that people prefer. In turn, its private labels now account for around one-quarter of Kroger sales.

As Kroger has expanded and increased its private-label offerings, by approximately 60 percent in recent years, it has also enhanced its manufacturing capabilities, as well as its collaborations with traditional manufacturers. Kroger produces approximately 40 percent of its store-branded products itself in 38 factories, then contracts the rest to other vendors.

Discussion Questions:

1. **Why has Kroger expanded its offering of store brands?**
   Noting that the offerings from national brands were not satisfying all its customers’ needs, Kroger chose to expand its product mix on its own, to help customers find what they wanted and needed on store shelves. Store brands also provide a vehicle for increasing gross margin and overall profits.

2. **What are some disadvantages of growing store brands?**
   a. Cannibalization of national brand sales.
   b. Responsibility for the brand
      i. Sales
      ii. Promotion
      iii. Distribution
      iv. Development
   c. And if something bad happens, like a recall, it is the retailer’s, not the manufacturer’s, responsibility.
   d. Just because the retailer can make more gross margin on the product does not necessarily mean it will make more net profit, because it assumes all of the functions of the manufacturer, as indicated above.
One Way Online Shopping Is Actually Helping Brick-and-Mortar Retailers

Sarah Halzack, Washington Post, September 3, 2014

Use with Chapter 3, “Multichannel Retailing”

In our last newsletter (see “Reverse Showrooming: Bricks-and-Mortar Retailers Are Fighting Back Against Amazon And Others”), we noted the rise of a reverse showrooming trend, such that instead of gathering expensive in-store advice and expertise, then buying through less expensive online channels, shoppers actually were doing the opposite. That is, consumers gather a wealth of information online, then visit brick-and-mortar retailers to make their purchase.

New surveys reinforce this claim and propose a different term to describe such reverse showrooming: Web-rooming. In a 60-country Nielsen survey of approximately 30,000 consumers, 51 percent admitted that they examined products in stores, then bought online. But 60 percent of them indicated the reverse pattern, such that they browsed online, then bought in physical stores.

The other survey, by Accenture, focused on U.S. consumers, 88 percent of whom said they engaged in Web-rooming by gathering information online before buying in stores. In contrast, 73 percent sought information from stores before buying online. In more general terms, the Merchant Warehouse consultancy revealed its findings that more consumers engaged in Web-rooming than in showrooming.

Discussion Questions:

1. What are web-rooming and showrooming?
   Web-rooming means that customers research their purchases online but then buy in stores. It represents a reverse of showrooming, in which customers gather information in stores and then purchase online.

2. Which is more popular with consumers?
   Currently, Web-rooming, or reverse showrooming, consistently is emerging as more popular with shoppers.

3. How can retailers use this information?
   Retailers should leverage their various purchase channels. Ultimately, their goal is to get the sale, through any channel. Thus, they need to make sure their offers are consistent across channels and appealing enough that, regardless of where the customer starts, she or he ends by buying from that retailer.

BACK

Photo Credit - Anna Zielinska/Getty Images Business Unit Rights = MHE Canada ,MHE USA Asset Source= Getty Images
Nordstrom Continues Digital Push with Trunk Club Deal

George Anderson, Retail Wire, August 5, 2014

Use with Chapter 18, “Customer Service”

To name its e-commerce division, Nordstrom chose the label “Direct,” and it appears to be taking that name to heart in its efforts to connect directly with its mobile and online consumers. In addition to the flash site HauteLook, Nordstrom recently acquired Trunk Club, an innovative e-commerce service that works directly with customers.

Trunk Club’s unique approach is, thus far, targeted only at men. It promises a stylist, who works with the shopper to define his style and clothing needs. Then the service ships him a box of clothing each month, which he can consider and try on, and then choose what he likes. He ships anything he does not want to keep back to Trunk Club and pays for the rest. Without any membership fees or service charges, the e-tailer provides valuable insights and customized services that allow men to look fashionable without having to visit stores.

In acquiring Trunk Club, Nordstrom plans few changes. Rather, the partnership with the “assisted commerce” site gives both players an added advantage. Trunk Club gains access to a vast range of resources and existing capabilities related to high-end retail and customer service. Nordstrom obtains another service that it can use to set itself apart in its customers’ minds.

Noting that Nordstrom stores already employ service staff whose job is to help shoppers find their style, the president of Nordstrom Direct explained, “What Trunk Club does adds to our service capabilities—we can learn from them about … ‘assisted commerce’ so we can continue to meet the evolving needs of customers.”

Discussion Questions

1. **What is Trunk Club?**

   This online and mobile, assisted commerce service provides personal shopping e-commerce services. A stylist works with customers to identify their style, sends them several pieces each month for them to consider, and enables men to expand their wardrobes without ever leaving their homes.

2. **Will Trunk Club enhance customer service at Nordstrom?**

   It enhances customer service through Nordstrom Direct. It may have less effect for customers who prefer to shop in-stores, though it provides an alternative for them, such that they can receive a similar level of service, whether they visit a store or connect with the retailer through its website or mobile commerce app.

3. **Regardless of your gender, would you use Trunk Club? Why or why not?**

   Absolutely! The convenience of receiving clothes shipped to my home every month sounds great, and I would love to have someone else, with a good eye for fashion, help me find my style.

   Probably not. At this point in my life, I don’t need the kind of clothes Nordstrom sells. I only need one suit, and everything else, like my jeans and t-shirts, I grab at a fast-fashion retailer or someplace like Target, for a lot less money.
Earlier this year, the national drug store chain CVS announced its plans to phase out all sales of tobacco products and instead work more closely with health care providers to serve as their pharmacy of choice for various systems. At the time, CVS predicted revenue losses of about $2 billion. Yet for CVS, the choice was more than a financial one; it was a moral and a strategic decision. The company struggled to reconcile its desired positioning as a health care company with its continued sale of tobacco. Confident in its planned decision, a month earlier than it anticipated, CVS removed the last remaining nicotine products from its shelves.

With the inventory shift, the chain also undertook a rebranding to become CVS Health. An in-store campaign featured “Ready to quit?” posters, in partnership with the American Lung Association. Furthermore, the company promised to continue working to expand its walk-in clinic services and pharmacy management practices.

But all these months later, CVS still remains alone in its choice. No other major drug store chains have followed suit, nor have grocers such as Walmart and Kroger. The largest drug store chain in the nation, Walgreens released a statement in which it claimed that retail drug stores were responsible for a mere 4 percent of the tobacco sold, so eliminating the products from its shelves “would have little to no significant impact on actually reducing the use of tobacco.”

Discussion Question

1. Why did CVS stop selling tobacco?
   The company believed it had a moral obligation not to sell tobacco products, if it was also interested in providing health care. By removing tobacco products, it also established a clear rebranding route to become CVS Health.

2. Should pharmacies sell tobacco?
   The wisest choice might be to wait before making this decision. If CVS’s experiment is successful, and it starts pulling customers from other drug stores, they should quickly follow suit. But if instead CVS just loses sales, its competitors are unlikely to change their strategies. Ultimately, legal regulations might change and take the decision out of their hands too. From an ethical standpoint, the answer is different though: Cigarettes and chewing tobacco are terrible for consumers. For any company that claims to be interested in promoting people’s health, selling them would be hypocritical and unethical.
Fashion Brands’ Message for Fall Shoppers: Buy Less, Spend More


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

After several years of fast fashion dominating consumer trend headlines, the pendulum appears to be swinging back, away from constant, low cost purchases and toward a preference for fewer, higher quality, more expensive fashions. This shift results from several factors.

First, the Millennial consumers who made fast fashion so popular are getting a little older, meaning that they are entering the professional workforce, requiring a more sophisticated look than they might find at H&M or Zara. With their increased purchasing power, they appear willing to invest in higher quality, foundational clothing items that they can keep in their wardrobes for years.

Second, the drive to purchase inexpensive items constantly has led some shoppers to feel a sense of what we might call closet fatigue. Because they have so many items, their closets are constantly full, which makes it far more difficult to select an appropriate outfit to wear each morning. In addition, some consumers have expressed a sense of moral discomfort; one well-known fashion blogger explained a vast purge of her closets by noting simply, “No person needs as much stuff as I had.”

Third, another moral quandary has arisen with regard to the conditions in which retailers produce their clothing. International stories of irresponsible supply chains and terrible working conditions prompt some consumers to demand more information about how the clothing is produced. In many cases, such demands can only be met by more deliberate, transparent clothing brands. One observer compares this drive to the farm-to-table or slow food movement—a slow fashion movement that enables consumers to know exactly where and how their clothing has been produced.

Fourth, some consumers are rejecting the notion that they must follow every trend that emerges, which eliminates one of the advantages of fast fashion. Call this influence fashion fatigue: Keeping up with each new shift in hemlines or colors can be exhausting. In addition, as they become more confident in their styles, adult shoppers might realize that a particular style—skinny jeans, for example—will never look good on them, so they perceive no reason to purchase items in that style.

Yet these trends do not spell the end of fast fashion altogether. Fast fashion retailers still can get trendy clothing on their shelves more quickly than anybody else. Furthermore, because spending on clothing competes with spending in other categories, such as technology, in ways it might not have previously, many consumers continue to demand lower cost options. Finally, some fashionistas will always want the latest trends, whether they wear them exclusively or pair them with classic pieces that they have invested in as a foundation for their wardrobe.

Discussion Questions:

1. How will shifts in consumers’ demand preferences affect assortment planning for apparel retailers?
   Apparel retailers need to recognize that many shoppers have closet and fashion fatigue. To help them, these retailers should offer a range of products, including more classic, foundational, high quality, higher priced items that buyers can purchase to frame their wardrobe. These high quality pieces should be functional, and the production process for them needs to be socially responsible and transparent.
2. From a personal perspective, where do you stand on the wearability continuum from “fast fashion” to “lifetime investment”?

Right in the middle. For things I will keep for years, like a leather jacket or a new suit, I like to buy high quality items, which cost more. But for my everyday clothes that I wear to class, I don’t mind if they are of lower quality, because I’m going to buy something new next season anyway.
Recent reports in the news media painstakingly recount the difficulties that many retail employees have when their computer-generated schedules change radically every week, without warning, or when they get sent home during slow times, leading them to work fewer hours (and thus earn less) than they planned. We addressed some of these reports in a tidbit last month (see “Push to Give Steadier Shifts to Part-Timers”). In examples spanning clothing stores and restaurants, workers noted the stress they felt when they could not be sure that they would be able to work some minimum amount each week, enough to cover their bills.

But few of these reports include stories about other retail workers who have guaranteed minimum hours, know their schedules weeks in advance, and may not be sent home, regardless of whether the store is busy or not. This latter group of workers includes members of the Retail, Wholesale and Department Store Union, and their union contracts with their employers demand that they have access to these rights.

Among the well-known retailers that are also union shops are Macy’s, Bloomingdales, and H&M. At Macy’s for example, employees receive their schedules three weeks in advance. Full-time workers are guaranteed full-time hours, and part-time workers have some minimum level of hours guaranteed as well. These union contracts reflect the new normal for retail employees, where scheduling is at least as important an issue as wages.

Some other retailers have avoided a union presence among their workers but are changing their policies to provide more stable schedules. In particular, Starbucks announced that it would revise or phase out its reliance on computerized scheduling for its baristas. Such moves might represent responses to proposed legislation that would require retail employers to provide guarantees of work hours and consistency in scheduling. For non-unionized retail employees, it may be that such changes cannot come soon enough.

Discussion Questions:

1. **As the popular press assails retailers for treating workers poorly, how is Macy’s seeking to buck this negative publicity trend?**

   Employees at Macy’s may unionize, which has helped them gain benefits such as promises of advance scheduling, a minimum number of hours, and no chance of being sent home because the stores are not busy.

2. **From retailers’ perspective, what are the advantages and disadvantages of providing such benefits to hourly employees?**

   Employees are happier and likely to remain with the company longer if they can earn a living wage with a predictable schedule. However, their labor costs increase, because they need to guarantee that workers make a certain amount, even if sales are low in a season or a particular week. In addition, they have relied on computerized scheduling because it is more efficient; if they move away from this usage, they lose that efficiency.
Theoretically, radio frequency identification (RFID) tags were supposed to revolutionize retail. Because the chips contain information about any item to which they are attached, and can send that information to sensors in the store, prognosticators anticipated that they would change everything about retail, from purchasing to supply chain tactics to inventory practices.

In practice though, the tags have not spread as quickly as predicted, because of the difficulties associated with implementing them. For example, JCPenney found that the RFID tags interfered with its anti-theft devices. When it tried disabling its security system, thieves took advantage of the situation, and losses mounted rapidly.

Learning from such failures by other companies, the fast fashion retailer Zara claims it has found a way to make RFID work, both in theory and in practice, to improve its inventory and supply chain practices.

Because Zara manufactures its own clothing, it can insert RFID tags into the security tags that already appear on each piece of clothing. Thus the very act of inserting the tags becomes viable, as a parallel step to the attachment of the security tags. In contrast, retailers that previously tried to insert RFID tags struggled to find efficient methods and had trouble deciding exactly when in the supply chain they should be inserted. Walmart for example demanded that suppliers add them, but suppliers balked at the added expense associated with the additional step.

In addition, by including the RFID elements within the security tags, Zara has found a way to reuse the still relatively expensive RFID technology. In previous experiments, the tags left the store with customers who purchased the related item. At Zara, employees remove the security tag as they check out customers, so the RFID chips also stay in the store, available for reuse.

These methods give Zara a distinct advantage. The task of taking inventory has become so much faster and easier—rather than actively scanning each item’s barcode, inventory takers simply walk through the store with an RFID device that passively gathers information from each rack—that Zara can perform it every six weeks, instead of twice a year, as is common in the industry. In turn, its inventory tracking is drastically more accurate, and it knows exactly what styles and items are selling best (or worst).

Discussion Question:

1. **What is RFID technology, and how do retailers use it?**
   With RFID technology, retailers can keep track of information about every item they sell, as well as gather that information readily, because the technology both maintains and transmits the details.

2. **What challenges have hindered retailers from using RFID in the past? How has Zara overcome those challenges?**
   Some early versions of the technology interfered with security systems; they also were expensive to implement, so supply chain partners refused to apply them. Because Zara’s use of RFID is integrated with its security tags, it ensures that the systems are coordinated. In addition, Zara is both the manufacturer and the retailer, so it takes responsibility for the supply chain step.

3. **Explain how its use of RFID technology might give Zara a competitive advantage in retailing.**
   Zara gains great and immediate insights into what is selling well, because with RFID technology, it can take inventory more quickly and more frequently. In addition, it can limit losses and improve stockkeeping practices, because it always knows exactly where its inventory is.

**BACK**
Retail Tidbits

The Favorite 50 2014

Karen Kroll, Stores, September 3, 2014

Every year, a research firm asks consumers about their favorite online retailers. The individual, annual rankings are of interest, but with the survey now in its eighth year, the trends and shifts might be even more compelling. In particular, Amazon is the tops; it is listed as the favorite by more than half of respondents and across age groups. The other firms in the top three are Walmart and eBay, suggesting that in general, online shoppers enjoy visiting sites that offer them a range of products and purchase options. Some new entrants to the top 50 similarly sell a range of products, including the remarkable entry of Zulily, which came from nowhere to rank 21st, and Wayfair (43). Some more specific sellers also have made headway in the charts, such as Eddie Bauer (35) and J.Crew (36), which both appeared for the first time on the list. Lane Bryant ranked only 41st last year but made it into the top 20 this year; Lowe’s moved up from 31 to 15. In contrast, Coldwater Creek (which also filed for bankruptcy), Aeropostale, and the Children’s Place all exited the list, and several other famous names, including Yahoo (39) and Overstock (29), fell from their previous high marks. As the following chart shows, some differences also emerge based on the age of the respondents—though even here, the similarities are notable.

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Source: Prosper Insights & Analytics Monthly Consumer Survey

Digital Shoppers Less Interested in Social Media

Sarah Mahoney, Retail Daily, September 29, 2014

The Internet remains an important source of retail information and a key channel for purchases. But one of the Internet’s most prominent elements, social media, seemingly is becoming far less important to shoppers. That is, consumers still rely on retail websites and purchase channels, such that 75 percent of the 18,000 digital shoppers recently surveyed called the Internet important as a source of information. However, they regard social media sites, including Twitter, Facebook, Pintrest, and blogs, far less critical
to their purchase process. The report based on the survey, produced by Capgemini, argues that social media might continue to have impacts in early stages, such as the awareness and channel choices phases of a retail transaction. However, even after Twitter added a “Buy” button to its options, social media have far less impact during the purchase, delivery, or postpurchase stages. These results mainly come from mature, developed markets, where consumers also note strong privacy concerns and a distaste for personalized advertising. In contrast, in developing consumer markets such as India, Brazil, and Mexico, more shoppers rely on social media, often accessed through smartphones, for all the steps in a purchase, and more of them welcome personalized offers through these channels.

**In-Store Analytics: Analyzing Shoppers’ Actions in the Store**

*Retail Wire m-Paper, 2014*

In a detailed, recent report (for the full report, see [www.retailwire.com/page/10237](http://www.retailwire.com/page/10237)), the Retail Wire mobile information team uncovered some key metrics that modern retailers use to understand shoppers’ preferences, as well as their own performance. For example, within a grouping called “Queue Activity,” *Retail Wire* notes the tendency for retailers to calculate the queue length, to assess whether the store has too many or not enough staff; queue wait time, to predict customer frustration; and service wait time, which provides a means to assess employee efficiency and performance. The “Shopper Traffic” category includes traditional metrics such as the conversion rate (how many shoppers actually buy) and repeat visits (how many shoppers return versus visit for the first time), whereas the “Display Performance” grouping refers to whether displays provoke a purchase (display conversion), cause shoppers to stop in front of them (stopping power), and appeal to customers (engagement). With “Shopper Behavior” metrics, retailers also learn where and when customers enter the store, the routes they take through stores, where they leave, and when and where they pause. With such data, retailers can better allocate their staffing and displays to improve the in-store experience for consumers and, ideally, sales for the stores themselves.

**In Germany, Restrictive Store Hours Give E-Commerce a Big Push**

*Sarah Sloat, The Wall Street Journal, September 23, 2014*

German legislation requires that retail stores remain closed on all national holidays, on Sundays, and after 8:00 p.m. Some retailers go further, especially in smaller markets, closing stores by dinnertime and staying open for only half-days on Saturdays. For many families, failing to pick up enough bread or milk on Friday means challenging breakfasts or lunches for the weekend. Even when the country loosened the regulations—though not the rule against opening on Sunday, which is protected in the German constitution—retailers mainly ignored the changes. As a result, the most appealing option for many consumers is e-commerce, where they can order whatever they need at any time on any day. For online retailers such as Amazon and the German site Zalando, the rules are a boon. Furthermore, the online market is highly concentrated, with approximately one-third of all sales going through just 10 top sites. The link also is clear to these e-tailers: “customers shop most often on weekends and evenings…. As a rule, Sunday is the strongest sales day for e-books,” according to a director of one of Germany’s largest booksellers, whose online channel opened about three years ago.

**How Will Single America Shape the Future of Retailing?**

*George Anderson, Retail Wire, September 16, 2014*

A condition of single life seemingly is feeling alone, but that sense is no longer accurate in the United States. According to assessments of Census data and evidence from the U.S. Bureau of Labor Statistics, there are now more people who are single than married people living in the country. The dominance is just slightly over 50 percent, but it represents a notable shift compared with 1976, when such comparisons were first considered and only about 37 percent of Americans could be identified as single. The nationwide levels encompass both higher and lower rates at the state level: For example, only 43.7 of Utah’s residents are single, whereas Louisiana ranks highest, at 55.7 percent. At an even more precise level, college towns, such as Tallahassee, Fla., and College Station, Tex., are strongly dominated by singles, because of the wealth of young adults who live and go to school there. Such trends
have notable implications for retailers, especially of house wares and related products, because single people are far more likely
to rent an apartment than to buy a home. In turn, and without the demands of family and children, these singles tend to have far fewer
necessary expenses, leaving more of their income available for discretionary purchases.

**IKEA Hilariously Pitches Its 2015 Catalog as the Coolest Gadget Ever**

*Tim Nudd, Ad Week, September 3, 2014*

In time for the release of its 2015 catalog—for which it prints approximately 200 million copies in 27 languages, sent to customers in
8 countries—IKEA also released a vastly amusing satire of the “bookbook™” as the latest in a long line of technological gadgets. The
book (i.e., its catalog) has unlimited battery life, an amazing touch interface, pages that load instantly, and bookmarks that are saved
even if users close it. Tongues firmly in cheek, IKEA promotes the catalog to customers in Malaysia and Singapore with the promise
that such a technological wonder should be in everyone’s hands. Watch “Experience the power of a bookbook™” (available at
http://www.youtube.com/watch?v=MOXQo7nURs0), then consider

1. What is the point IKEA is making with the video?
2. Should IKEA continue to use its catalog channel?