December 2006

Dear Professor:

This newsletter summarizes article abstracts for case discussions for the following topics:

- Costco is Unlike Any Other Retailer
- Lower Prices versus Convenience on Prescription Drugs
- Ethical Clothing is Improving the Lives of Foreign Factory Workers
- How Much Value is Really on a Gift Card?
- Kohl’s Tries to Capture More Customers
- Retailers Need to Make More Decisions for Their Customers
- Logo-less Luxury Goods versus Identifiable Logo Products
- Men Like to Shop for Themselves Just Like Women do
- Innovative New Service Retailers
- Smart Theives are Using Technology to Their Advantage When Shoplifting
- Wal-Mart Fashion Apparel is Slow to Catch on

The articles in this and past newsletters are sorted by chapters in Retailing Management, sixth edition. If you are interested in the text book please visit www.mhhe.com/levy6e. Simple registration is required to gain access to the newsletters and other instructor materials. If you would like to see this newsletter and the previous editions, go to http://www.cba.ufl.edu/mkt/crer/research/publications.asp.
ABSTRACTS OF RECENT RETAIL ARTICLES

COSTCO IS UNLIKE ANY OTHER RETAILER

Use with chapter 5, “Retail Market Strategy,” and Chapter 12, “Managing Retail Assortments”.


Costco is the fourth largest retailer in the U.S. and the seventh largest in the world. This retailer’s performance exceeds its competition because it has a unique retail strategy. Even though Costco has 82 fewer locations than Sam’s club, its closest rival, it has about $20 billion more in sales.

Costco’s pricing strategy is different than most retailers who want to eek as much profits out of every product. Most supermarkets and department stores markup products 25 and 50 percent respectively. Costco does not mark any product up more than 14%. The company tries to lower the markup as much as possible. Although its net profit margins come out low at only 3%, it still manages to do better than the competition.

The company creates excitement around its products because of the scarcity of the assortment and the surprise of finding an unexpected product. Unlike supermarkets that have 40,000 items, or Wal-Mart that has 150,000 items, Costco only has about 4000. 3000 of the items are always on the retail floor and 1000 items are one time purchases, creating an urgency to buy the products. For example, Waterford crystal or Calvin Klein jeans may be found on a rare occasion. By having less SKUs, the company has made the buying decision for the consumer as opposed to the consumer pondering over 10 different brands and 3 different sizes. For example, they will only sell Advil in one size.

Although Costco seems to be a low-cost retailer, it compensates its employees generously. A manager of a store is an intelligent person who is ready to act like a CEO for its store. The company recruits people from local universities. Surprisingly, the actual CEO of the company is compensated only $450,000 annually in salary. He has 52 years of retail experience and owns about $150 million in the company’s stock.

Costco’s simplistic approach has proved to be successful. It is always looking for new ways to offer exciting products, prices, and retailing experiences.

Discussion Questions:

1. Why is Costco So Successful?

Costco offers the lowest prices that it can manage by marking up products a maximum of 14% compared to 25% or 50% from supermarkets and department stores respectively. The company offers significantly less items than its competition to simplify the buying process. Costco only has 3000 products that can always be found in the store and 1000 products that are always new and surprising to the customer. The employees that it hires are very intelligent, hardworking and are ready to take on the responsibility of making their store successful.

LOWER PRICES VERSUS CONVENIENCE ON PRESCRIPTION DRUGS
Wal-Mart has recently introduced “$4 generic drug plan” to undercut its competitors’ prices on prescription drugs. This means that patients will pay on average $3.18 co-pay on drugs as opposed to $5.30 co-pay at Walgreen and CVS. Although this pricing change for Wal-Mart has spurred conversations in the drugstore industry, CVS and Walgreen are not engaging in a price war, but reacting in different ways.

A survey was conducted on convenience store shoppers finding that their customer actually has a higher income and spends one third more than customers who are focused on the price. Customers that want to shop at convenience stores either want to go to a nearby store or get through the store and checkout very easily and quickly. Therefore, the convenience shoppers are more profitable than price sensitive customers.

CVS and Walgreen have a different strategy than Wal-Mart because of its convenient nature. In order to retain its customers, rather than lose them to Wal-Mart, these drug store chains have improved its in-store experience. For example, employees explain the Medicare programs to seniors so that they can make the best choice based on their needs. These stores also provide in-store health clinics, exclusive merchandise, and digital photo stations as an added value to the convenience store.

Drug store chains have never competed with Wal-Mart on prices of other items such as food or cosmetics because their business model is very different. Customers like to go to a CVS or Walgreen because of the convenience factor, which holds a high-value in the customer’s mind. In the number of locations alone, CVS has about 6200 stores, Walgreen has about 5475 stores, while Wal-Mart only has about 3900 stores in the U.S.

Wal-Mart, CVS and Walgreen are aligning themselves with its core competencies rather than giving in to one another. Price sensitive shoppers will continue to shop at Wal-Mart, while most convenience shoppers will continue to shop at CVS and Walgreen.

Discussion Questions:

1. How did Wal-Mart change its pricing strategy on prescription drugs?

Wal-Mart’s new $4 generic drug plan means that customers will pay on average, $3.18 co-pay compared to an average co-pay of $5.30 at drug store chains like CVS and Walgreen.

2. What did its competition do in response?

Wal-Mart’s competition in the drug store industry is not reacting by lowering its prices. Walgreen and CVS are improving the in-store experience, knowing that its customers enjoy the convenience factor. These stores have added education on Medicare programs to seniors, exclusive merchandise and digital photo stations. Wal-Mart’s competition is making its stores even more convenient for customers.

3. Would Wal-Mart’s new pricing strategy on prescription drugs entice you to shop there if you don’t already? Why?

(Sample Answer) I am not more likely to shop at Wal-Mart to save on average $2.12 co-pay. Not only do drug store chains have closer and more locations, but it is much easier to navigate the smaller store.

ETHICAL CLOTHING IS IMPROVING THE LIVES OF FOREIGN FACTORY WORKERS
Use with chapter 5 “Retail Market Strategy,” and Chapter 14, “Buying Merchandise”.


Consumers have become more attracted to sweat-shop free clothes. In 2005, British shoppers spent $50 billion on ethical goods and services, with a concentration on clothing. American demand for ethical products is just as high. Ethical clothing means that the clothing was not produced by sweatshop labor and the working conditions met high safety standards.

The high volume of Chinese imports have caused many companies to close down their factories that operated in sweat-shop free countries. This has changed lately as firms have realized the value of having more ethical operations. Some consumers are actually willing to pay slightly more money for clothing that is ethically produced. It has become mainstream thinking to acknowledge how and where products are made.

A group of retailers got together to each produce a line of clothing called Product Red Label. Product Red Label is ethical clothing and is thus promoting anti-sweatshops. The Gap, Emporio Armani, Levi’s and other brands are producing clothing, cell phones, sunglasses and a variety of other products, in which a portion of the profits are donated to the Global Fund to fight against AIDS, Tuberculosis, and Malaria in Africa.

The companies that are being socially conscious are not only making consumers feel better about their purchases, but also improving the lives and countries’ economies where the products are produced. When companies decided to close factories because it was cheaper to have products made in China, thousands of workers lost their jobs. As a result of the growing trend to have clothing ethically produced, thousands of jobs have been recreated.

The Product Red Label has been heavily marketed through fashion magazines such as Marie Claire and Vogue, and promoted by celebrities, Leonardo DiCaprio, Ashley Judd, and George Clooney. This will hopefully increase consumer awareness to the importance of ethical clothing rather than be a short lived fad.

Discussion Questions:

1. What is ethical clothing?

   Ethical clothing is clothing that is produced by sweatshop free labor under working conditions that are safe and have higher standards.

2. Who is selling ethical clothing?

   Product Red Label is a huge initiative consisting of many retailers selling ethical clothing, including The Gap, Emporio Armani, and Levi’s. A portion of the Product Red Label profits will go to the Global fund to fight AIDS, Tuberculosis and Malaria in Africa. Many other large manufacturers and retailers are producing ethical clothing.

3. Would you buy ethical clothing, even if it cost more?

   (Sample Answer) Yes, it is important to act in an ethical manner and care for the well-being of others, even if they are on another continent. I do not want to purchase clothing knowing that the factory worker that produced it was in below standard circumstances. It is a small cost to pay slightly more for a product that is ethically produced.
HOW MUCH VALUE IS REALLY ON A GIFT CARD?

Use with Chapter 6 “Retail Financial Strategy,” and Chapter 19, “Customer Service”.


Gift cards are a popular solution to finding a gift. In the U.S., Americans were expected to spend $72.8 billion on gift cards in 2006. Gift cards have caused a lot of customer complaints because they are not always redeemable for the same value for which they were originally purchased. For example, someone bought a $100 gift card to a spa and when the woman went to redeem it, it had expired, making this gift card worth $0.

There are expiration dates and processing fees that can cause gift cards to diminish in value down to nothing. As a result, legislatures have intervened to attempt to pass bills doing away with all of the unexpected fees. There are different laws in each state regarding how gift card fees and expiration dates work. However, a popular solution has been to make gift cards valid for at least five years and exempt of processing fees within one year.

Retailers have been a large deterrent in the passage of these bills because of the importance of gift cards to their business. Many retailers count on a certain amount of gift cards never getting redeemed, resulting in pure profit. For example, in 2005, Home Depot made $43 million from gift cards that it did not expect to be redeemed. Other retailers such as Wal-Mart, Target, The Gap, and restaurant chains do not charge fees or have expiration dates because they expect for the consumer to spend more than the gift card is worth.

Discussion Questions:

1. Why are consumers upset about gift cards?

*Consumers are upset about gift cards because when they want to redeem their gift, they often find that the value has been diminished or has even become obsolete because of processing fees and expiration dates.*

2. What are state legislators doing to calm their discontent?

*State legislators are attempting to pass bills that will prohibit all processing fees and expiration dates. They want gift cards to be redeemable for at least five years after its purchase.*

KOHLS TRIES TO CAPTURE MORE CUSTOMERS


Despite Kohl’s success in the past few years, they are undergoing many changes to update the in-store experience for its customers. Its revenue has risen from $6.2 billion in 2000 to $13.4 billion last year. Kohl’s researched its customers and found that its store was easy to shop, but customers did not find it to be an exciting shopping experience. As a result, Kohl’s is redesigning its retail format.

The department store industry has changed with the mergers of Federated and May Department stores, and Sears and Kmart. This has caused confusion for customers, because they are unsure where to shop
since there are no longer names like Marshall Fields and Filenes. Kohl’s believes that this middle-income consumer does not have loyalty to a retailer right now, and thus would like to attract these customers.

Kohl’s’ main competitor is JC Penney both competing for middle-income clothing buyers. Kohl’s is differentiating itself from other retailers by offering exclusive lines that cannot be found at its competitors’ stores. For example, Kohl’s has an exclusive brand by Daisy Fuentes, a specially designed line by Vera Wang, and a less expensive version of Lucky Brand, called “Stamp 10”.

Along with the exclusive reputable clothing lines, the store is undergoing a dramatic face lift. The dressing rooms are large with contemporary leather couches and art. The exterior of the stores will now have a large glass entrance with three-tone stucco. There is even music being played outside of the entrances.

The retail clothing industry is undergoing many changes with the recent consolidations of major department stores. It is unclear how customers will react to this, but Kohl’s is trying to attract its middle-income customer by setting the mood similar to what they were used to at the department stores that now cease to exist.

**Discussion Questions:**

1. **What did Kohl’s learn from its market research?**

   Kohl’s learned that its customer found the store to be boring and unexciting even though it was easy to shop.

2. **Who are Kohl’s primary competitors currently? Who do they see their competitors to be in the future?**

   Currently, Kohl’s’ closest competitor is JC Penney. As Kohl’s undergoes major changes to improve its retail experience and provide exclusive clothing lines, the retailer expects to capture customers from the former May department stores and Kmart.

3. **How is Kohl’s changing its retail format to address what it learned in their market research?**

   The new retail format will reflect a more upbeat atmosphere for its customers. The exterior of the store is being remodeled to have a large glass entrance with three-tone stucco. There will also be music playing outside to set the customers’ mood early. The changing rooms are large and spacious with leather couches and art.

**RETAILERS NEED TO MAKE MORE DECISIONS FOR THEIR CUSTOMERS**

Use with chapter 4, “Consumer Behavior,” and Chapter 12, “Planning Merchandise Assortments”.


Retailers have traditionally given their customers as many product options as possible. Customers like to shop where there are a lot of choices available, because they think that increases their chances of finding what they want. However, neither retailers nor consumers benefit from a large variety of products.

Although consumers like to be given many choices, they often have a hard time making a decision when they have too many choices. Some customers do not end up making a buying decision because they are confused or do not have enough information to make a good choice. Other consumers end up having buyer’s remorse after their purchase because they think that they did not choose the best option.
Smart retailers are making the buying decision for their customers. In order to appeal to consumer buying behaviors, retailers are either limiting selections or creating a “sweet spot”. The “sweet spot” is a tangible and small list of items that are targeted at the consumer. These companies will create a “sweet spot”, by offering the variety consumers want, but recommending special items that customers will act on.

Customers do not have all of the information available to them to make the perfect buying decision. Therefore, it is important for retailers to do the thinking for them and make a few recommendations that will be easy for the consumer to process. Consumers are looking for the “sweet spot”, so retailers should provide them with perceived variety, but also a clear list for easy decision making.

Discussion Questions:

1. Should retailers offer as large an assortment as possible? If so, why? If not, why not?

Retailers should not offer an assortment as large as possible. Just because the retailer has many different choices does not necessarily mean that it will be easier for the consumer to make a purchasing decision.

2. What can retailers do to find their customers’ assortment “sweet spot”?

(Sample Answer) Retailers can provide a variety of items, but also offer a small list of special or recommended items that are easy for the customer to process.

LOGO-LESS LUXURY GOODS VERSUS IDENTIFIABLE LOGO PRODUCTS

Use with chapter 14, “Buying Merchandise”.


Luxury brands used to be characterized by signature logos on the merchandise. The signature logos on merchandise signaled to the customer and to the world that the product/apparel owner was a member of an elite wealthy group. Instead of logos, however, today these luxury labels are identified by its signature details and quality.

There is an abundance of counterfeit merchandise and as a result endless amounts of merchandise with signature logos. These logos no longer a luxury symbol because everyone has access to them. In England for instance, Burberry was adopted by an undesirable subculture of society who embraced the trademark plaid. As a result, its high-end customer wanted nothing to do with the brand, forcing the company to produce subtler styles.

High-end hand bag designers are also producing bags that are less identifiable because they do not have these logos. Consumers want to own this merchandise, because although everyone will not be able to identify it, anyone that follows fashion or is in the know, will recognize the luxury brand. ‘Stealth wealth’ is termed for those that want to be in this elite group without obviously flaunting signature logos.

Setting trends can be difficult for designers and manufacturers, and it becomes more complicated when the logo culture becomes out of fashion. For instance, celebrities often adopt new products or designs, which are then copied and mass produced. These early adopters are constantly looking for new looks, and they are increasingly preferring products that cannot be as easily identified and copied.
Even though consumers now have the choice to purchase luxury brands with or without logos, this does not mean that the logo-less merchandise is completely unidentifiable. The average person may not recognize it, but a fashionista will know that it is a luxury label. Small signature designs are carried out by a designer even from season to season and year to year. For example, the signature hardware on a Marc Jacobs bag is easily recognizable because it never changes.

Discussion Questions:

1. As a retailer of high-end fashion merchandise, would you buy logo-less merchandise or stick with more readily identifiable products?

The answer really depends on the target market. If your target market is similar to the U.K. Burberry customer mentioned in the article, then it would be important to tone down the purchase of conspicuous products. On the other hand, if your customer seeks the gratification of conspicuous logos, then that is what you need to buy.
(Sample Answer) I think that it is important for retailers to buy both kinds of merchandise to appeal to more people. While some higher fashion customers will like the logo-less merchandise, others may think that they are in an elite group by buying the merchandise easily identified by its logos.

2. As a consumer, what do you think about logo-less merchandise?

(Sample Answer) I prefer logo-less merchandise because of the abundance of the identifiable branded products. Since logo-less merchandise is more subtle, it gives more personal style to an individual. The product is more unique and it is nice to know that you will probably not pass the same merchandise on the street.

MEN LIKE TO SHOP FOR THEMSELVES JUST LIKE WOMEN DO

Use with chapter 4, “Consumer Behavior,” and Chapter 5, “Retail Market Strategy”.


Retailers are realizing that men like to shop just as women do. Men are not only shopping more than they did a decade ago, but today’s fashion and trends are appealing to them because of the relaxed and comfortable nature of the clothes.

There is a large gap between the variety of retailers that are offered to men versus women. Malls primarily market to women, offering only a few retailers that cater to men such as Abercrombie and Fitch, Express Men, Banana Republic, and J.Crew.

Even though men do like to shop, their behavior and the things that appeal to them are different than women’s behavior. Men like to shop quickly, getting in and out of a store quickly. Men under the age of 34, shop more similarly to women versus older men, who are destination shoppers. When men go to shop, they are goal oriented rather than wanting to linger.

Some new boutiques for men are making stores look like and be functional as entertainment rooms with a pool table, keg of beer, Wireless Xbox, and flat-screen televisions. One boutique, for instance, was adorned with Playboy magazine pinups, posters of James Dean and Steve McQueen. Other boutiques think that these are unrelated to the buying process, because men come to the store to specifically purchase something. Men like simplicity with bold graphics, simple displays, and thick hangers.
Men are increasingly an important segment of the market. Whether it is the store format that is appealing or the trendy appeal of the clothes, men are definitely being drawn into stores. They are taking control of their own wardrobes and looking for comfortable clothing that is slightly more unique that the next person.

**Discussion Questions:**

1. How do men shop differently than women?

   *Men are goal oriented when it comes to shopping, because they want to buy something, but the process needs to be quick. Women like to linger and browse in shops for the experience.*

2. Describe the target market and retail format for men’s apparel store that you might open?

   *(Sample Answer) I would target men under the age of 34, because they shop more like women and are more conscious of their clothes than older men. The retail format of the store would feel like a men’s lounge with big furniture and sports on televisions.*

**INNOVATIVE NEW SERVICE RETAILERS**

*Use with chapter 19, “Customer Service”.*

_Connie Robbins Gentry and Marianne Wilson, “Living Made Easy: Service-oriented concepts cater to time-starved consumers” Chain Store Age, October 2006._

There are numerous innovative new service retailers that are bringing greater convenience to existing industries. From shipping services, to fast cooking, to affordable massages and spas, these retailers are growing their concepts throughout the country.

Dinner by Design is a retailer where consumers can prepare home-cooked meals for two weeks in a two hour time frame. All of the ingredients are prepared in advance, so that the customer can enjoy just the assembly process in a time efficient manner. The retailer does all of the shopping and clean up as well. Dinner by Design makes the time consuming process of grocery shopping and preparing meals much easier. In two hours, there are enough meals for two weeks.

ShopOnSite is a retailer that provides shipping from UPS, FedEx, DHL, and USPS, office supplies, and eBay trading services. This one-stop shopping retailer makes it convenient for customers to sell their merchandise online as well as ship items with the best carrier depending on the product and destination.

Massage Envy is providing massage services that are more convenient and affordable than other more traditional alternatives. Since these stores are located in highly visible strip malls, there is a lot of people traffic. Since the massage industry is highly fragmented, this franchise would like to grow a branded massage store for consumers. To use these services, it cost about $49 per month for a year plus about $39 per massage service.

InSpa is mass marketing affordable, high quality day-spa services in convenient locations. This retailer wants pampering to be a normal activity and not just meant for special occasions. The retail environment is casual upscale, but does not have any peripherals like marble floors.

These retailers are each providing luxuries to consumers at locations and prices that are easy to access. The stores are still very new, so the marketing of these new concepts will be very important in the future growth and success of these companies.

**Discussion Questions:**
1. Which of these new service retailers do you believe will be most successful? Why?

(Sample Answer) I think that InSpa will be the most successful. Spa services have typically been a luxury that consumers can only afford on special occasions. This retailer is changing the spa industry, by making it accessible to the mass market consumer. Although the spa does not have marble floors, the atmosphere is upscale casual.

SMART THIEVES ARE USING TECHNOLOGY TO THEIR ADVANTAGE WHEN SHOPLIFTING

Use with chapter 17, “Managing the Store”.


Shoplifting is increasingly becoming a larger problem for retailers. Retail crime has changed, adjusting to the changes to technology in stores. Retail crime increased from $37 billion in 2005 from $31 billion in 2003 and has increased nearly twice as fast as retail sales over that period. The two major sources of shoplifting occur from organized thief rings, which are large strategically aligned groups of people, and from store employees.

A popular method of shoplifting is the “Bar-Code Scam”. The thieves make copies of bar codes for relatively inexpensive items and then paste them on expensive items, such as DVD players or vacuum cleaners, when in the store. This way, they are buying expensive products for minimal prices such as $4.99 for a vacuum cleaner. When this occurs in large volume, thousands of dollars of products can be stolen.

Another popular method is “Gift-card fraud”. Shoplifters copy the numbers from cards that are on display for sale in the store. When customers purchase these cards, they are activated and the numbers on the card can be used to shop online. It is very easy to find out which ones have been activated, by calling an 800 number and checking the balance on the card.

Another twist on the gift-card fraud is to return stolen merchandise to a retailer in exchange for gift cards. These gift cards can then be sold in eBay. Estimates are that as much as 70% of gift cards sold in eBay were fraudulently obtained. EBay is now limiting the number of gift cards that sellers can post on the site and they cannot exceed $500 in value.

It is much easier and faster now for thieves to dispose of the goods via the Internet than the options they used to have, such as flea markets. On the Internet, sellers can get 70 cents on the retail dollar compared to 20-30 cents through other outlets.

Retailers have to be proactive in finding these thieves, because they are harder to track than ever before, and the law-enforcement cannot keep on top of crime of this nature. Retailers are taking action by tracking wholesale products sold online that matches stolen goods from their store.

As consumers, we should be aware of the high-tech crime that is occurring, and buy products only from authorized dealers, and retailers that we know are selling products at reasonable retail prices. It is unethical to buy products that are significantly less expensive online, when one expects the products are stolen. Just as retailers need to combat the crime, we should be smart shoppers and not participate in this crime.

Discussion Questions:
1. How big is the retail shoplifting problem?

Retail shoplifting is a huge problem. In the past two years, the increase in shoplifting has almost doubled the increase in retail sales. Shoplifters have figured out how to use the technology in stores to their advantage. Retail crime has increased to about $37 billion in 2005 from $31 billion in 2003.

2. What new high tech scams are shoplifters employing?

Bar-Code Scam – Shoplifters make copies of barcodes on less expensive items and paste them on expensive items such as vacuum cleaners. This way, they are stealing expensive item for minimum prices such as $4.99 for a vacuum cleaner.

Credit card fraud – Shoplifters will copy the numbers on gift cards that are displayed in stores and then wait for them to be bought by a consumer and activated. When they are activated, they can shop online. Other shoplifters will steal merchandise and then return them for gift cards. They can then sell these gift cards to people via the Internet such as in eBay.

3. What are retailers doing to curb the increase in shoplifting?

Retailers are tracking products sold online at wholesale prices. If these products match up with products that were stolen from the store, then they can identify the thief. Since it is difficult for law enforcement agencies to find these thieves, retailers are doing the leg work for them. When it was discovered that 70% of gift cards sold in eBay were fraudulently obtained, the auction site put limitations on the value of the cards and the volume of cards that can be sold by one seller.

WAL-MART FASHION APPAREL IS SLOW TO CATCH ON

Use with Chapter 5, “Retail Market Strategy,” and Chapter 12, “Managing Retail Assortments”.


Wal-Mart has introduced apparel that is more fashionable to attract customers that were shopping at Target, J.C. Penney, and Kohl’s. The company has developed exclusive lines from high-end designers similar to what other companies have done to sell disposable fashion. For example, just as Target has a line by Behnaz Sarafpour, Wal-Mart developed a line by British designer, George Davis.

This new apparel has not been successful for a variety of reasons. Wal-Mart has not had a focused marketing campaign for its clothing line. Although it ran ads in Vogue magazine, the TV ads did not emphasize its apparel. Wal-Mart developed a clothing line called “George”, representing the famous designer. However, the majority of people have no idea who George Davis even is, making it a difficult sell.

Wal-Mart customers are not accustomed to the new fashion conscious apparel, and therefore the merchandise assortment has become too trendy, too quickly. The Wal-Mart apparel consumer typically shopped for fashion basics, such as denim or socks. Another contributing factor to the Wal-Mart fashion problem is that the customers do not like the format of the apparel section. The dressing rooms are not adequately private, and the racks are untidy, making it difficult to browse.

Even though Wal-Mart’s sales are lagging in its apparel division, the company is continuing to try and make it a success.
Discussion Questions:

1. What is Wal-Mart doing with its apparel assortment?

*Wal-Mart is offering more fashion forward apparel. This is a dramatic change from its apparel basics it was know for selling, such as denim and socks. The company has signed on high-end designers to produce exclusive lines for the store.*

2. Has their new apparel assortment strategy been successful? Why or why not?

*(Sample Answer) No, the apparel strategy has not been successful. Many consumers are not familiar with the designers that have produced the lines such as George Davis. Others are unhappy with the retail format of the apparel section because the dressing rooms are not private and the untidy racks are difficult to browse.*

3. Do you buy apparel at Wal-Mart? Is so, what do you find appealing about it? If not, what would change your behavior?

*(Sample Answer) No, I do not buy apparel at Wal-Mart. I would be more likely if the retail store was cleaner and more customer friendly when it comes to things like private changing rooms. Also, I would be more inclined if there was more of a buzz around the apparel like the apparel sold at Target. For example, the Behnaz Sarafpour clothing line is very popular right now.*