Newsletter for Instructors

September
2017

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

- How Disruptive Is Alexa to CPG Brands? **(Chapter 4)**
- Has Amazon Created Another High-Draw Shopping Model with its Treasure Trucks? **(Chapter 4)**
- Will Lowe's UpSkill Project Empower More Customers to Tackle Home Improvement Projects? **(Chapters 11 & 15)**
- Should Stores Entertain Bored Tag-Along Shoppers? **(Chapter 4)**
- Beyond Bankruptcy: How Failed Stores Come Back Online **(Chapters 6 & 10)**
- Robots Are Replacing Workers Where You Shop **(Chapter 16)**
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- Now at Saks: Salt Rooms, a Bootcamp, and a Peek at Retail's Future **(Chapters 4 & 5)**
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Retail Tidbits

- Have Men Become the Primary Grocery Shoppers in America?
- Bass Pro Shops to Pay $10.5 Million to Settle Discrimination Suit
- Uniqlo Tries New Approach: Shirts in Vending Machines

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RETAILING MANAGEMENT 9e

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
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- Team projects
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- Copies of this newsletter and previous issues
- List of retail links, cases and videos

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How Disruptive Is Alexa to CPG Brands?

Lee Peterson, Retail Wire, August 1, 2017

Use with Chapter 4, "Consumer Buying Behavior"

Alexa and Siri don't care about brands. But brands care a lot about Siri and Alexa, suggesting some shifting power relations and structures in retail markets as a result of the expanding presence of artificial intelligence (AI) agents in consumers' homes.

When consumers yell across the room, "Alexa, buy paper towels from Amazon!" or command Siri to add orange juice to the shopping list maintained on their phones, rarely do they specify a brand name, and none of the AI tools have any real preference. In using these tools, shoppers similarly might become more agnostic with regard to brands, especially for convenience products or consumer packaged goods. If they are no longer exposed to conventional marketing tactics, such as in-store signage or endcap features, the very meaning of brands might start dissipating.

For these brands, that's a big concern. Finding ways to establish a brand image and commitment from customers, such that they will specify which brand of paper towels the AI assistant should order, represent novel challenges and require new tactics. In many cases, price and convenience appear to be the primary factors driving AI-enabled shoppers' choices. The product that they can get delivered the fastest and with the least cost is likely the one they select.

For consumer packaged goods brands, the solution might be to copy the example of some lifestyle brands, such as Coach or Nike, which have found ways to work around conventional retailers to connect directly with customers. By establishing their own stores and shopping channels, these brands have ensured their popularity with customers who seek out Coach-branded handbags, rather than just any purse, or swoosh-emblazoned workout gear instead of just any sweats. But it might be more challenging for manufacturers of commodity products to prompt such brand loyalty, simply due to the nature of their offerings. The model offered by these lifestyle brands thus might be informative, but it cannot be the only solution. Instead, consumer product goods are going to have to find a new way to gain direct access to consumers, or else convince Alexa and Siri to become brand ambassadors.

Discussion Question:

1. **How will AI shopping assistants affect the consumer decision process?**

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Has Amazon Created Another High-Draw Shopping Model with its Treasure Trucks?

Laura Davis-Taylor, Retail Wire, July 31, 2017

Use with Chapter 4, “Consumer Buying Behavior”

By combining some of the most potent motives for purchase—including the fear of missing out, a sense of exclusivity, value promises, and gamification—Amazon seemingly has struck on a new way to get people excited about buying. The newly rolled out Treasure Trucks force people to work a little to obtain the products on offer, yet the fun of this hunt appears to be making that effort worthwhile to many buyers.

The concept is novel but also comparable to a familiar sales model: an “ice-cream truck for grown-ups.” In select cities, Amazon customers can sign up to receive alerts. At a certain point, a Treasure Truck will move through their city, and the alerts will sound. The customers then have a limited time to get to where the Treasure Truck has parked, near their own location, before it moves on to the next spot.

The offerings in each Treasure Truck are severely limited, often featuring just one or two highly desired, limited inventory products. For example, a recent offer enabled shoppers to snatch up the discontinued NES Classic Gaming console for $60. Because it has been discontinued, the retro device is somewhat difficult to obtain, but Amazon offered it at its original price, rather than marking up the cost to match the resale market. To heighten the sense of pressure even more, each Treasure Truck has only a limited supply of products, and once it sells out, there are no replenishments, so shoppers feel compelled to get there early. Other potential offers that might appear in future deliveries include steaks, toys, outdoor gear, electronics, and similarly popular product categories.

The image of an ice-cream truck thus seems pertinent, raising images of adult fans of various products chasing down a Treasure Truck with their money (or, more likely, their mobile payment–enabled device) in hand. If Amazon can make shopping seem like a fun childhood adventure, Treasure Trucks might soon be a common sight on city streets..

Discussion Question:

1. **What kind of buying behavior is manifest in the Amazon Treasure Truck?**

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Will Lowe’s UpSkill Project Empower More Customers to Tackle Home Improvement Projects?

Matthew Stern, Retail Wire, July 31, 2017

Use with Chapter 11, “Customer Relationship Management,” and Chapter 15, “Retail Communications Mix”

In the service economy, every retailer needs to sell more than just the products on its shelves. For home improvement retailers such as Lowe’s, that assertion is particularly pertinent, because the products that it sells demand some level of knowledge and skill among consumers before they can be used effectively. Accordingly, these retailers have long provided in-store advice and assistance, in the form of expert staff and in-store do-it-yourself (DIY) classes. But Lowe’s is seeking to take this assisted DIY model even further, namely, into customers’ own homes.

With its UpSkill Project, Lowe’s allowed customers to submit video applications, describing home improvement projects that they wanted to undertake on their own, but that they lacked the skill or knowledge to complete independently. In a sense, Lowe’s is flipping a common practice, in which DIY-ers search YouTube or other channels for videos that will show them what to do if they need to snake a drain or want to build a gazebo for the backyard. With the UpSkill Project, those aspiring DIY-ers send the video to Lowe’s, showing what they have not yet been able to complete.

The customers selected as the winners then receive notification that an expert, sent by Lowe’s, will be out to assist them in their efforts. The expert will not do the work; it is still a DIY project. But he or she will be on hand as the customer proceeds through the next steps, offering advice, suggestions, feedback, and some assistance as needed.

The first round of the UpSkill Project granted help to approximately 200 customers in 40 different U.S. cities. Although that round has closed, Lowe’s has indicated that it plans to start new rounds in various cities. The question is how long it can continue to offer such personalized, dedicated, expert help to individual consumers, without incurring overly burdensome costs in doing so. Other retailers that similarly offer lessons and help their customers expand their skill sets, such as Apple Stores, usually can insist that the customers visit the store. But the key differentiation created by Lowe’s novel project is the ability for the customers to get the advice at the very moment, and in the very place, they are working on their home improvement project. To improve their home, they need services at those homes, and that means a new model of service provision.

Discussion Question:

1. **Can Lowe’s UpSkill project garner customer loyalty? How?**
2. **Will it increase sales and profits? Justify your response.**

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Should Stores Entertain Bored Tag-Along Shoppers?

Tom Ryan, Retail Wire, July 28, 2017

Use with Chapter 4, "Customer Buying Behavior"

At the Global Harbor mall in Shanghai, glassed-in "husband storage pods" give female shoppers a place to stash their spouses while they visit various stores in the mall. The pods feature retro video game consoles and leather chairs, and for a small fee, bored consumers forced to come along on a trip to the mall can play for hours.

For the (mostly) male pod users, the option promises a means to avoid boredom and frustration. For the (mostly) female shoppers, it frees them to shop without having to worry about a spouse's mood or feeling rushed. According to one shopper, they also give her husband an incentive to come on the trip with her and pay the bills.

Although the video-gaming pods are new, other Chinese stores and malls use similar tactics to entertain men, such as "husband cloakrooms," where they can gather to smoke and watch television from comfortable couches. In the United States, the trend is less developed, in that some retailers provide comfortable seating outside dressing rooms but rarely offer dedicated "husband" spaces.

For some observers, the notion that men need "adult daycare" before they will visit a mall seems ridiculous. It also relies on conventional gender norms that may not apply in all cases. But others argue that the option could spread to additional retail settings and appeal to a wider market of bored shoppers. For example, banks and other service providers could set up pods to entertain customers while they wait. Alternatively, shops and malls might create pods to contain and entertain children while their parents shop, provide comfortable resting places for older consumers who cannot keep up with their younger counterparts for the entire shopping trip, or even just set up quiet zones to allow anyone who has been overstimulated by the shopping experience to take a little break.

Discussion Question:

1. **How might pods affect the consumer decision-making process?**
2. **Hey, those of you who hate to shop (and especially the guys): Would you welcome a pod like this in a mall near you?**

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Beyond Bankruptcy: How Failed Stores Come Back Online

Erica E. Phillips and Stephanie Gleason, The Wall Street Journal, August 4, 2017

Use with Chapter 6, "Financial Strategy," and Chapter 10, "Information Systems and Supply Chain Management"

Once popular brands that find themselves unable to compete through conventional store channels, such as Wet Seal, American Apparel, and Linens 'N Things, might have lost some customers. But clearly, there are still plenty of people who like and appreciate the offerings these retailers provide; it is not as if every single shopper who once frequented The Limited, for example, stopped liking its clothing all at once. Thus, even if the brands themselves declare bankruptcy and halt their operations, there still may be a market for their products.

Recognizing this alternative market and prime opportunity, some purchasers of such bankrupt brands pursue a rapid transition to online sales channels. By snatching up the brands' names, designs, and other intellectual property, these buyers seek to sell off any remaining inventory but also reinitiate the manufacturing of popular items to be sold online. Thus customers still can access their favorite brands online, which probably is their preferred shopping channel anyway—and a big part of the reason that retailers that previously relied on mall traffic found themselves in bankruptcy court.

The benefits for the new brand owners are many. They get to leverage a valuable, well-known brand name without having to invest the time or effort to build that brand name. In addition, because running an online channel is substantially less expensive than maintaining brick-and-mortar operations, the operating costs for these producers are much lower. Beyond the costs of the stores themselves, these new owners do not need to invest in extensive customer service or marketing efforts.

Yet the challenges are also multiple. The new owners must move quickly, because the longer a brand is unavailable, the more likely customers are to move on to a different option. To transform the brand into an online operation, they also must radically redesign the supply chain, to ship the products to consumers' homes rather than to stores. Such efforts generally require the assistance of expert logistics providers, as well as careful negotiations with shippers to ensure that the costs are reasonable. Such demands, for rapid but expansive changes, have created a new class of businesses, specializing specifically in the transformation of bankrupt brick-and-mortar retailers into new online models.

For some of these expert companies though, the online-only channel is a temporary plan. They seek to return to omnichannel operations once the online business ensures that the brand can turn a profit again. They have invested millions to purchase the bankrupt brand's assets. They need to earn as much as they can to ensure a return on such investments.

Discussion Questions:

1. **What channel is more profitable, online or in-store?**
2. **Should these bankrupt brands seek to return to in-store operations or remain as online-only options?**

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Robots Are Replacing Workers Where You Shop

Sarah Nassauer, The Wall Street Journal, July 19, 2016. See also Brian Baskin, "Next Leap for Robots: Picking Out and Boxing Your Online Order," The Wall Street Journal, July 25, 2017.

Use with Chapter 16, "Managing the Store"

The retail industry accounts for approximately 11 percent of the workforce in the United States today, but advances in robotics appear likely to cause those numbers to change, or at least evoke a shifting definition of what it means to work in retail settings.

On the one side, robots can increasingly do jobs that previously had been left to human workers, suggesting reduced employment opportunities for workers. For example, Walmart has installed Cash360 machines in nearly all its stores. The machines count cash drawers more quickly than human workers could and make immediate deposits, increasing the efficiency of the stores' accounting operations. As a result, many of the accounting employees who previously staffed the back offices of the retail stores are finding that their jobs no longer exist.

For some workers, companies encourage lateral moves, such that they might be offered a customer service job on the floor instead of working in the back office. According to a representative of Home Depot, the expanded uses of self-checkout technology benefit everyone, because they free up employees to help customers in the store, rather than tying them to the checkout counter. However, not all retail employees would welcome such a change. As one back office worker explained, "I never worked on the floor … and I had no desire" to start doing so. Accordingly, Walmart lost approximately 500 employees who quit rather than change positions when it shifted to using the Cash360 machines.

Although both retailers and the companies that innovate the supportive technology insist that their goal is not to replace workers, an analysis of the trends indicates that they have done just that. For example, Walmart still accounts for the jobs of nearly 1.5 million people in the United States. But measured by the ratio of workers per square foot of retail space, it employs a 15 percent smaller workforce than it did just a decade ago. Nationwide and across all retail firms, approximately 71,000 retail jobs have disappeared in the past year.

But on the other side, some employment sectors are growing, and robots have yet to limit the number of jobs. For example, the vast increases in e-commerce created the need for approximately 262,000 new warehouse workers who could pick items from shelves, pack them appropriately, and ensure their accurate shipment to consumers' homes. Thus far, robots have not been able to achieve such accuracy, because of the difficulty of writing robotic algorithms that allow artificial intelligence to understand the difference between unique flavors of the same type of chips or recognize when an item has been misplaced on a warehouse shelf. Because e-commerce logistics operations often deal with millions of product offerings, with inventories that change constantly, the point at which robots will replace warehouse workers is still somewhat far in the future.

And yet, it also is approaching. There is little doubt that retail operations will continue to feature robot "workers," who are less expensive, more reliable, and less varying in their performance than human employees. The entire supply chain is likely to be affected: In-store self-checkout operations are already in place; self-driving trucks to transport products are close to appearing on the roads. Furthermore, Amazon is leading the drive to get robots that can pick products from shelves, so even those warehouse jobs might be at risk. Where will the human workers go then?

Discussion Questions:

1. **What are the advantages and disadvantages of replacing humans with robots, from retailers' perspective?**
2. **If you were running one of the retailers faced with replacing humans with robots, would you do it? Consider the retailing environment and the various stakeholders in developing your answer.**

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Supermarkets Face a Growing Problem: Too Much Space

Heather Haddon and Julie Jargon, The Wall Street Journal, July 31, 2017

Use with Chapter 2, "Types of Retailers"

The combination of several notable trends has led to a situation in which, in one analyst's words, "Everybody is getting into the grocery business." Such expanded supply means that the fierce competition in this sector is growing even more pressing, and the end result might be a radical reorganization of the market.

Multiple notable trends have led to this glut of supply. In the years following the global economic recession, many supermarket chains aggressively pursued growth by opening new stores. As a result, there are 4.15 square feet of food retail space for every person in the United States today—a record level.

Even as conventional supermarkets were opening new stores, other stores also were adding food options to their shelves, in their attempt to enhance their sales. Retailers such as pharmacy chains, dollar stores, gas stations, and convenience stores inserted fresh food options in their stores, thus increasing the number of places consumers could pick up groceries. Similarly, the expanded presence of club stores meant that shoppers could visit a warehouse to get virtually all their shopping done.

Yet as these supply trends were increasing, customers were exhibiting an opposite trend, toward more quick and convenient meal options. Rather than purchasing expansive fresh foods, spices, and accouterments to create full, multicourse meals, they sought prepackaged and ready-to-eat items that they could grab and consume quickly.

In the meantime, competition among grocery store brands continues to increase, especially with the arrival of relatively newer options from other countries and from online. In particular, Aldi and Lidl, two chains that originated in Europe, are expanding their low-cost shopping options throughout the United States. Simultaneously, Amazon just keeps increasing its grocery options, enabling consumers to shift much of their spending to the online channel, without requiring any shelf space in a local store.

For traditional grocery retailers, pressured by all these trends, the outcome is likely to be painful. Their supply of space is excessive, beyond what consumer demand can support. Thus these chains face the prospect of slowing down their new store openings, which can harm their revenue standing. Even more critically, they may need to consolidate or close some stores, a process that is expensive, difficult, and unpleasant for everyone involved. But if the market is oversaturated, someone or something has to get wrung out at some point.

Discussion Question:

1. **What are the trends in the U.S. food retail industry?**

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Now at Saks: Salt Rooms, a Bootcamp, and a Peek at Retail's Future

David Gelles, The New York Times, August 4, 2017

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

The flagship Saks Fifth Avenue store in New York City is likely familiar to most Americans, who have seen the ornate shop, if not in person, then in movies and television shows that leverage its high-class image and prestigious ambiance for entertainment value. But the store looks a lot different today, as Saks works to draw new shoppers in to experience not just the luxury but also the value that it promises to offer.

Some of the changes are relatively straightforward: Rather than cosmetics, the first floor is now shifting to stocking more leather goods, while perfumes and make-up are moving to the second floor. In addition, Saks is reducing the number of dedicated brand shops within the store, such as those that previously were dedicated to Armani and Burberry, and spreading the offerings across existing departments.

But other changes are more radical. In designing the move of the cosmetics counters to the second floor, Saks had to clear out the space, threatening a situation in which an entire floor of valuable real estate would sit empty for a time. Instead, the retailer decided to get creative and install The Wellery, an experiential wellness center, on that vacant floor. The Wellery provides a range of unexpected services, such as boot camp–style exercise classes run by instructors who have served time in prison. The layout for the exercise classes, each of which cost $30, evokes a prison, with faux cinder blocks and chain link fencing.

Nearby, a section of the store is devoted to Breathe, which allows customers to sit in a booth and inhale concentrated salt vapors. The service, $25 for a 10-minute treatment, promises to detoxify people's lungs and improve their health and relaxation. Upon leaving the booth, customers can purchase salt scrubs or blocks for their home use too, though Saks insists that The Wellery is not just about getting people to buy more.

The notion, expressed by Saks' chief merchant, that "Selling stuff in stores is not the answer…. You have to build an emotional connection with them," also led to the insertion of a nail salon and juice bar on the second floor. In turn, even as the renovation of the store comes to a completion, Saks promises that the wellness experience will remain available, even if the services of The Wellery spread out across the store. The juice bar, for example, is slated to be a permanent fixture on the fifth floor.

But such efforts might not be sufficient. One active investor in Saks' parent company has called on the retailer to transform its top floor even more, into high-end residential condominiums for luxury consumers. Furthermore, it is not clear how much shoppers appreciate or value the wellness offerings and experiences. Saks has not released sales numbers, but some observers question whether people really want to sweat through a boot camp right before they go shopping for a designer gown or fancy suit.

Discussion Questions:

1. **What is Saks doing to attract customers to its stores?**
2. **Why is it offering these "extras"?**
3. **Do you believe this is a good strategy? Why or why not?**

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The Cult of the Line: It's Not About the Merch

Ruth LaFerla, The New York Times, August 3, 2017

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

Why do people wait in line outside stores? The seemingly obvious answer is that they wait to be able to buy what is inside those stores. But for many youthful consumers, that's only part of the answer. The rest has to do with the very experience of lining up, the excitement of wondering whether they will gain access, and the enjoyment of being part of a dedicated group that defines itself by its consumption preferences.

This motive for queuing is evident outside popular stores such as Supreme. Shoppers can register online for a spot in line, but they also appreciate the option to hang out with others, in lines that often reach around the block. In the temporary communities that develop during the wait, shoppers compare the Supreme wear they have already purchased and plot what they will buy next. But they also share insights about music, art, or other interests, linked by their common sense of identity with the brand.

These communities appear to be something of a reaction to e-commerce trends. That is, when people can buy virtually everything they want without ever leaving their homes, they need a new place to interact with others and develop a sense of community identity. Once kids hung out in malls, but malls are no longer the cool place to be. Rather, the lines outside popular stores provide a hip form of community, especially because the brand identities—and in turn, the self-identities of the fans—are so strong and evident.

These identities stem powerfully from the exclusivity of the brands. If two people are wearing the same limited edition jacket for example, they both know that the other is likely to share other preferences and tastes. The exclusivity makes this identification easy and clear. It also creates a means to demonstrate proficiency and skill. Even if they could procure some items through third-party vendors, these shoppers like to show that they can succeed in the hunt for the biggest trend or most popular products.

Discussion Questions:

1. **How can a retailer become a fashion leader like Supreme?**
2. **What social factors are influencing the people described in this abstract?**

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Mom-and-Pop Dollar Stores Fight to Survive as Chains Move In

Winnie Hu and Emily Palmer, The New York Times, July 13, 2017

Use with Chapter 2, "Types of Retailers"

In U.S. cities, inexpensive, convenient storefronts have long been a fixture. Local residents, often without easy access to conventional grocery stores located outside the urban center, relied on these stores and bodegas to purchase household goods and select food items. The small stores in turn promised convenient options at reasonable prices, often functioning in a way similar to the value offering of dollar stores.

But these long-standing neighborhood stores are finding their turf being challenged by actual dollar stores—the national chains that continue to grow and expand their operations from the suburbs into other locations. For example, Dollar General has opened its first stores in New York City, as part of its more than 30 percent increase in the number of stores it has nationwide.

For the local shop owners, this competition is a massive challenge. They are hard pressed to compete with the national chains when it comes to the range of products available and on price, considering their less efficient supply chain. They also lack the same negotiating power that a national chain might impose, such that their rents are likely to be higher, and their employees might be easily drawn away by a larger competitor that can offer more benefits, longer hours, or higher wages.

The answer for some owners is to increase the personalization of their offerings. Some stores emphasize their local origins, reminding shoppers that they have always been there, selling their local favorites and employing members of the neighborhood. The small retailers have long sought to stock exactly what their customers want, but they are increasing this effort even further. The owners' close interactions with shoppers facilitates this process, such that the 99¢ Super Star Discount store in the Bronx offers Jarritos mango drinks, guava-flavored snack foods, and agua de coco to appeal to its mostly Hispanic clientele. In gentrifying neighborhoods, some stores have expanded their organic options too, to bring in the newly arriving population of residents.

Others sense that they have no choice but to raise prices to be able to increase their revenues. As long as it can offer precisely what they want, a store might be able to charge a bit more, so that consumers come to trust its product range. That trust also can go both ways; some neighborhood shops support an informal type of layaway, holding on to desired items until the customers can pay for them.

Yet even with these efforts, small stores continue to struggle to remain afloat. In urban neighborhoods, wages are often low and stagnant, so consumers constantly seek the best deal on packaged goods. When it comes to commodities such as cleaning supplies, shoppers cannot afford the higher price associated with buying at a local store, compared with the standard dollar deal that the national chains can promise.

Discussion Question:

1. **How can small family-owned retailers compete with national chains?**

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Retail Tidbits

Have Men Become the Primary Grocery Shoppers in America?

George Anderson, Retail Wire, July 28, 2017

When surveyed by Men's Health magazine, a large proportion of U.S. male consumers claimed that they, not their female partners, were the primary ones responsible for food shopping in their households. The survey included both single and partnered men, but the surprising results contradicted the long-standing conventional wisdom that has assumed that women shop for groceries. Specifically, a whopping 84 percent of the participants in this all-male survey said they did most or all of the shopping for their households, and of those who lived with a partner, 66 percent claimed this role. Going along with these trends, nearly all the men indicated that they prepared meals for themselves, and more than three-quarters cooked for members of their household too. These remarkable trends indicate double-digit increases over previous rates—but they also might reflect some specificities of the survey. That is, all the participants in this survey were men who read Men's Health, rather than any of the women or family members who live with them. Other recent, broader surveys of U.S. households suggests that only about 41–49 percent of men are actually the primary grocery shoppers. But even if the respondents in the Men's Health survey were exaggerating their own contributions, these trends still indicate the need for a shift in food retailers' assumptions about who will be pushing carts through their aisles.

Bass Pro Shops to Pay $10.5 Million to Settle Discrimination Suit

Michelle Ma, The Wall Street Journal, July 26, 2017

While steadfastly denying the allegations, Bass Pro Shops agreed to pay a hefty fine to settle a lawsuit brought but the U.S. Equal Employment Opportunity Commission (EEOC). The lawsuit claimed that the sporting goods retailer systematically discriminated against people of color in its hiring and promotion decisions, then punished employees who complained about the practices. Bass Pro Shops strongly denied the assertions and demanded that the settlement include a statement that specified that no guilty finding had been registered against its founder. Still, the company has committed to enhancing its efforts to recruit black and Hispanic employees, through methods such as working with historically black colleges and universities to hire new graduates and establishing an Office of Diversity and Inclusion within its own corporate structure. These efforts are particularly pertinent and necessary as Bass Pro Shops seeks to acquire its competitor Cabela's, which similarly was accused of racially discriminatory hiring practices by the EEOC several years ago. The $10.5 million settlement also may be used to support programs that encourage minority youth to participate more in outdoor sports and activities, such that future generations might express more interest in working for the retailer.

Uniqlo Tries New Approach: Shirts in Vending Machines

Khadeeja Safdar, The Wall Street Journal, August 2, 2017

The latest entrant to the vending machine market predicts that customers might be willing to go beyond candy or entertainment products and pick up a new jacket from a machine. In an effort to broaden its accessibility in the United States, without investing in expensive, fixed storefronts, the Japanese clothing retailer Uniqlo is adding vending machines to heavily trafficked sites, such as airports and malls. Travelers already are familiar with vending machines that provide them with earbuds or travel pillows in the airport. Now a customer flying off to a cold climate who has forgotten to pack sufficient outerwear can grab a down jacket, delivered in a canister from the vending machine on the way to the gate. In addition to vending machines, Uniqlo is experimenting more with pop-up sites and temporary stores; what it is not doing is adding many more conventional storefronts. A few years ago, it planned to increase its approximately 1,700 stores in Asia by expanding into the United States, but the first wave of entry did not achieve the sales or revenue levels that the company had anticipated. Therefore, it is using the vending machines as a sort of "learning lab," hoping to gain insights into what U.S. consumers prefer without spending millions on permanent locations. Already it has learned that even though Texas has no dedicated Uniqlo store, it is one of the brand's top U.S. markets, suggesting that consumers are getting the gear somewhere. Uniqlo just has to figure out where, then pop a vending machine into the neighborhood to make that access even easier.

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