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RETAILING MANAGEMENT 9e



Newsletter for Instructors

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

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Retail Tidbits

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<http://warrington.ufl.edu/centers/retailcenter/research/publications.asp>

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2017

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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

RETAILING MANAGEMENT

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12.50 15.00



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Walmart Finds It Pays to Pay Workers Better

George Anderson, Retail Wire, October 18, 2016

Use with Chapter 16, “Managing the Store”



Do you always get what you pay for? Walmart decided to see if the old adage was true when applied to human capital. With a recently renewed focus on employees, the retail giant decided to institute a new entry-level skills and training program called Pathways. Once employees complete the training, they guaranteed to receive a minimum salary of \$10 an hour. Long-term associates also have received raises, to ensure that their salaries are at or above the new \$10 hourly level. Furthermore, all employees are now eligible for quarterly bonuses, based on store performance.

The results of this \$2.7 billion investment in Walmart’s workforce already have been impressive: Customer satisfaction is up 59 points, same-store sales have increased for seven consecutive quarters, consumer traffic is on the rise, and general store cleanliness has been improved.

In addition to the Pathways course for new hires, Walmart has increased sought out new methods to support the advancement of its existing associates. For example, in early 2016 it opened 200 academies across the United States to teach advanced skills to department managers and hourly supervisors. As a result of these changes, Walmart also has enjoyed a reduction in employee turnover rates. It thus appears that Walmart is well on its way to proving that it really does pay to invest in your workforce.

Discussion Question:

1. Does the old adage, “you get what you pay for,” apply to retail employees?

Wal-Mart CEO Doug McMillon's Ad Was Designed to Burnish Retailer's Image

Sarah Nassauer, *The Wall Street Journal*, October 18, 2016. To view the advertisement discussed in this abstract, see <http://www.wsj.com/articles/wal-mart-ceo-doug-mcmillions-ad-was-designed-to-burnish-retailers-image-1476783005>.

Use with Chapter 15, "Retail Communications Mix"

Walmart has taken some unprecedented steps in recent years, from energy efficiency initiatives to wage increases to employee training initiatives. The redirected path also is evident in a recent advertising campaign. Whereas Walmart traditionally has made the low prices on the vast range of products it carries the central message in its marketing, the new campaign features the retailer's CEO prominently, and it focuses on the company's promise for workers rather than for customers.



In the 30-second spot, CEO Doug McMillon introduces himself ("Hi, I'm Doug"), and then the camera pans to him scrolling through his social media pages to find posts by employees. He clicks on Instagram links and pictures; quick shots show comments from his account handle, such as congratulations to a Walmart employee who won a performance award, as well as responses that he has gotten from followers—both praise and criticisms.

The spot is designed to highlight Walmart's commitment to "taking care of the people that take care of you." This effort to burnish its reputation as an employer likely represents a response to continued criticisms that the retailer pays insufficient wages, as well as past ethical scandals in which employees were forced to work overtime without additional pay.

As a spokesperson, McMillon has several advantages. He has worked his way up Walmart's corporate ladder, starting in a warehouse in the early 1980s, which makes his claims that the retailer cares about employees more credible. In addition, he is relatively young and attractive, such that he might appeal to a potentially wide audience.

But he also is still the CEO of one of the largest companies in the world. Thus, immediately following the release of the advertising spot, online searches by people seeking to learn how much money he earned spiked. In turn, many of the social media responses to the advertisement complain that someone who earned \$19.8 million in the last fiscal year was unlikely to be able to understand the needs of hourly employees.

Another consideration comes from history, which shows that relatively few CEOs appear in their companies' commercials. The reason has much to do with the threat to the company after a CEO leaves. Papa John might be a familiar face to pizza buyers, but when George Zimmer was ousted as the head of The Men's Wearhouse, the clothing retailer was forced to quickly adopt a radically different advertising approach (without using Zimmer's famous "I guarantee it" tagline). If Doug McMillon were to fall out of favor with Walmart's board, would his starring role in a Walmart advertisement come back to haunt the retailer?

Discussion Questions:

1. Did the advertisement starring Walmart's CEO work improve its image? Why or why not?

Target to Test Vertical Farms in Stores

Tom Ryan, Retail Wire, October 14, 2016

Use with Chapter 13, "Buying Merchandise"



Soon your favorite Target store may be sprouting something new: leafy green vegetables, potatoes, beetroot, and zucchini. Target's Food + Future CoLab (a collaboration among Target, the MIT Media Lab, and Ideo) has adopted, as its mission, the solution to food-related challenges. One of its newest initiatives is to bring vertical farms into Target's retail stores. As early as spring 2017, Target will begin to use making use of artificial lights and climatized conditions to grow fresh produce and sell it directly to hungry consumers.

The move represents a response to several broader trends, including rapidly increasing urban populations. Furthermore, farming as a profession has been in decline nationwide,, and an average age of the typical U.S. farmer is 58 years—close to a retirement age. Thus, a marriage between retail and farming may just be what is needed to ensure produce remains

affordable and available.

In addition, vertical farming is an appealing and viable option for retail stores because it uses less water and takes up less space than traditional farming methods. The vegetables can be grown without pesticides, which helps address consumers' increased demands for organic products. As an additional benefit, vertical farms in retail stores will allow the produce to be grown closer to the consumer, which will eliminate the need for shipping and packaging, as well as the risk of spoilage during transportation. Finally, the store's consistent lighting and climate conditions can remove weather or pests as factors that often keep traditional farmers from growing healthy crops.

Discussion Question:

1. What is vertical farming?
2. What are the advantages and disadvantages of vertical farming from Target's perspective? From its customers' perspective?

Will Millennials Abandon Traditional Grocers?

Denise Leathers, Retail Wire, October 20, 2016

Use with Chapter 2, "Types of Retailers"

Millennials are shaking up the grocery world with their champagne tastes and beer budgets. Traditional grocers need to take heed, or they risk being abandoned for stores that better meet the unique needs of Millennials. As the largest segment of the U.S. population, Millennials do not exhibit the same brand recognition and loyalty as was the case among their predecessors in the Baby Boomer generation. Instead, Millennials are driven primarily by price, quality, and product attributes, such as items that promise they are organic, healthy, and natural.

Grocers wishing to capitalize on a large and growing segment of the population thus should consider appealing to the specific demands of Millennials. For example, grocers can stock natural and organic products on shelves, next to conventional items, instead of placing the organic options in a separate section. Millennials prefer healthy ingredients, so grocers should focus on perishables and produce, highlighting them in the main entrance to the store, where they are easy to see. And since Millennials cook less than previous generations, grocers should stock up on ready-made meals and ingredients.

With Millennials in charge, traditional grocers may even want to rethink the look and feel of the store itself. Millennials tend to respond more to a warmer, less sterile atmosphere, so grocers should consider making their stores feel like high-quality shopping destinations. Finally, grocers can also take advantage of Millennials' preference for and comfort with technology. For example, digital coupons can be offered alongside paper coupons and circulars.

By keeping these unique needs of Millennials in mind, traditional grocers can better capture this segment of the market and avoid being left behind.



Discussion Questions:

1. How can grocery stores appeal to Millennials?

Will Apple Turn Its Stores into Something More than Stores?

George Anderson, *Retail Wire*, October 19, 2016

Use with Chapter 11, “Customer Relationship Management” and Chapter 18, “Customer Service”



In addition to providing retail and repair services, Apple has a new goal in mind for its retail stores: provide a space to help enrich the lives of consumers. Apple’s newly redesigned “town square” retail stores will feature dedicated spaces for education opportunities and creative pursuits, demonstrating that there is more to the technology giant’s mission than simply generating profits.

By the end of 2016, one-fifth of Apple’s 500 stores will have been remodeled. The new spaces will include dedicated education areas. In these areas, Apple will provide staff members who can instruct local teachers on how to bring technology into their classrooms, teach coding lessons to students of all ages, and expand the company’s existing summer tech camps for kids. The newly remodeled stores also will feature creation spaces for professionals and amateurs alike to learn how to leverage the functions on their existing Apple products for a variety of creative pursuits like photography. Then performance spaces will be added, to help Apple to support local artists and musicians by giving them time for live performances.

With these new additions to the traditional retail space, Apple is hoping not just to appeal to consumers but also to keep its employees happy. The efforts seem to be working. Apple stores have an 87 percent employee retention rate, well above the average for similar retailers.

Discussion Question:

1. *What is Apple doing to enrich the customer experience and garner loyalty?*

Can Retailers Inspire Greater Sales Using Pinterest?

Klaudia Tirico, Retail Wire, October 19, 2016.

Use with Chapter 15, “Retail Communications Mix”

Visitors to Pinterest, which is more of a “catalog of ideas” than a traditional social media platform, often rely on the site for visual inspiration, as well as to create a space for them to save convenient wish lists to direct their future purchases. In a 2015 survey, 70 percent of consumers reported using Pinterest to inspire their recent purchases.

Many savvy retailers thus have turned to Pinterest in an attempt to reach new, potential customers and increase sales. For example, FlyAway BlueJay allows users to buy items posted onto Pinterest without ever needing to leave the site. FlyAway BlueJay reported that Buyable Pins on the site drove 20 percent of its 2015 holiday sales and increased its website traffic by 28 percent. Furthermore, it acknowledged that that 100 percent of sales from Pinterest came from new customers.

Other retailers also use Pinterest’s Promoted Pins feature to target their advertisements to potentially interested customers. For the retailer Adore Me, Pinterest revenue increased an astounding 4000 percent, and its advertising resulted in a 50 percent higher click rate, when it used this Promoted Pins feature.

Even traditional retailers are realizing the potential sales and marketing opportunities that exist through Pinterest. Nordstrom has added “Top Pinned” signs to merchandise such as women’s shoes and handbags within its brick-and-mortar store locations, to bring the Pinterest experience offline and help customers identify trending items. Ann Taylor has also used Pinterest to showcase its brand history, creating Pinterest boards that feature the retailer’s retro looks, alongside new products based on these classic looks.



Discussion Questions:

1. Evaluate how retailers are using Pinterest.
2. Create a Pinterest strategy for your favorite retailer.

eBay Makes Bid for Younger Shoppers with Revamped Image

Laura Stevens, *The Wall Street Journal*, October 19, 2016.

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



For Millennials, who never really knew a world in which they could not buy products online, easily and quickly, the benefits and appeal of eBay's initial model might not resonate. When it first entered the scene in 1995, eBay promised a safer way to buy in the Wild West of the Internet. Its auction function helped reassure shoppers that they were getting a fair price, and the ratings function quickly weeded out unscrupulous sellers. Furthermore, it provided a sort of virtual garage sale, where buyers could find nearly any niche product or nostalgic tchotchke they might desire.

But today, few shoppers need an auction to determine a reasonable price; they just search across the vast number of online retailers. Those online retailers (e.g., Amazon, Walmart.com) also make access to niche products easy, whether through their own massive inventories or from small, entrepreneurial partners that sell their products through the site.

Having lost the competitive advantage that its auction structure provided, eBay has responded with an active effort to rebrand and reinvent its image. It highlights that the vast majority of products being sold through its platform are new rather than used, and 86 percent of sales transactions involve fixed prices rather than auctions.

In addition, eBay has altered its demands of sellers, requiring that they provide more complete product information when listing their merchandise. In turn, the platform can establish a more comprehensive catalog of the products available through it, which

enables shoppers to search the site more easily and accurately. The process remains challenging though, because there are so many individual sellers, selling products that differ in subtle ways. Still, eBay already has established a process for categorizing different marketing mix elements, such as listing available cameras according to brand, price, or promotions.

As it gathers more data, eBay also seeks to enhance its recommendation capabilities, such that it knows whether a particular buyer is more likely to prefer a high-end, name brand or an inexpensive option that offers a bargain. The platform also can use these data to help its sellers, such as with reports that specify what products are selling well and when inventory might need to be replenished.

Even as eBay seeks to inform consumers that it stocks a wealth of new, never used items (including an advertising campaign that stars model Karlie Kloss relying on eBay to outfit her apartment with brand new housewares), it also wants to leverage its reputation as a site to find nostalgic, quirky, and vintage offerings. Millennials in particular embrace the appeal of vintage items, and eBay wants them to anticipate that they can find unique, otherwise unavailable concert t-shirts, leisure suits, or straw hats that help them display their own hipster style.

Discussion Questions:

1. What is eBay doing to appeal to Millennials?
2. Which, if any, of these tactics would drive you to buy more on eBay?

China's Deteriorating Retail Distribution System

James Root and Weiwei Xing, *The Wall Street Journal*, October 17, 2016

Use with Chapter 5, "Retail Market Strategy" and Chapter 10, "Information and Supply Chain Management"

According to the analysis in this article, China represents a "two-speed market." In some product categories, sales are vast and rapid, continuing to expand with seemingly unlimited growth. But in other sectors, product sales are hindered and slowed by several hurdles, and one of the highest of these hurdles is the complicated, multilayered, outdated distribution system that gets products from manufacturers to retail stores.

Particularly for fast moving consumer goods (FMCG), the inefficient supply chain consists of many layers, each of which adds costs and increases the prices. A simple canned food product might leave the manufacturer's warehouse on a distributor's truck. That distributor then sells the items to regional wholesalers, who move the products throughout China's vast landscape. The wholesalers in turn sell to several layers of subdistributors, and then those subdistributors farm the products out to local wholesalers.

The local wholesalers—approximately 10,000 of them, by some counts—finally deliver the products to the retailers in their area. At each level of this intricate supply chain, each actor demands additional revenue for its efforts, so price markups ultimately can reach 20 percent more than the production costs, which is a remarkable amount for FMCG.

Not only does this complexity increase the price, but it also disguises relevant data. For example, once products have been spread across the tens of thousands of wholesalers, and then further to the small, independent stores, the brand manufacturer no longer has any idea of what is being sold, when, in what quantities, or to whom. In China, small distributors often lack substantial resources, and historically, if brands wanted to grow sales, they simply added more distributors, such that most FMCG companies have literally hundreds of distributors for their products. In addition, tiny "nanostores" in both rural and urban settings account for approximately 40 percent of sales in the FMCG market, so the lack of transparency is widespread.

This situation makes it nearly impossible for the distributors to compete successfully, such that churn in FMCG supply chains reaches as high as 15–30 percent. Distributors enter and leave the chain constantly. Brands in turn suffer from a lack of consistency in the methods they can rely on to get their products onto retailers' shelves.

As the challenges have expanded to reach crisis proportions, some efforts have sought to enhance the use of digital routes to market. On online platforms, companies promise to link multiple brands with multiple retailers, with far fewer steps in between than are in a traditional supply chain. The benefits for both retailers and brands are evident: They could gain access to and sell their products far more efficiently, and the lower supply chain costs could help them lower their retail prices, which should spark additional sales.

However, such changes might be the death knell for vast numbers of wholesalers and distributors throughout the nation. Thus far, the electronic routes to market remain somewhat limited: Retailers keep waiting for brands to join, while the brands wait for enough retailers to sign up to make it worth their while. But their promise, combined with the terrible conditions in the current supply chain, suggest that it is only a matter of time before old-school distributors find themselves pushed out of the supply chain.



Discussion Questions:

1. What is wrong with China's distribution system?
2. What is being done to improve the situation?

Unilever Price Rises Herald Brexit Pain for British Consumers

Saabira Chaudhuri, *The Wall Street Journal*, October 13, 2016.

Use with Chapter 13, “Buying Merchandise,” and Chapter 14, “Retail Pricing”



In the aftermath of the Brexit vote, in which citizens of the United Kingdom decided to leave the European Union, British currency lost nearly 15 percent of its value in the currency exchange market. As a result, products imported into the United Kingdom immediately grew more expensive for distributors and retailers to attain, though in some cases, these price increases have yet to affect local consumers.

The impacts are expanding though. In one notable example, the international consumer goods firm Unilever demanded that retailers pay higher prices—with increases of as much as 10 percent—to gain access to its brands, from Ben & Jerry’s ice cream to Dove soap to Marmite spread. But the U.K. grocery market features razor-thin margins already, leading several large retail chains to protest the demands. Tesco even began the

process of removing Unilever products from its shelves before the parties came to an (undisclosed) agreement that averted the crisis. Sainsbury, another large grocer, has indicated that it is in talks with Unilever about the demanded price increases; the outcomes remain to be seen.

However, the request and its aftermath signal a clear consequence of Brexit. Prices on many discretionary imports, such as cars and electronic devices, already are higher. Unilever asserts that it cannot profitably supply its brands to retailers without charging them higher prices. In this sense, “Brexit-induced price inflation” appears inevitable. Yet price-sensitive consumers are unlikely to accept such moves quietly, such that the threats to retailers come from both upstream and downstream in the supply chain.

Discussion Question:

1. How does the rise in the value of the U.S. dollar relative to the U.K. pound affect prices in the United Kingdom?
2. How should retailers in the United Kingdom react to this situation?

Abercrombie & Fitch Tries on a New Attitude: Friendly

Elizabeth Holmes, *The Wall Street Journal*, October 12, 2016.

Use with Chapter 5, “Retail Market Strategy” and Chapter 16, “Managing the Store”

Where once there was dark lighting, loud music, and heavily scented interiors, there is now a friendlier, better lit, calmer environment. Where once they featured naked, perfectly sculpted models, there are now advertisements starring more conventional looking models, all of them wearing both shirts and bottoms. Millennials shopping at Abercrombie & Fitch today thus might be excused for wondering whether it is the same retailer whose hip logos they sported so proudly when they were in high school.

The shift represents a response to dwindling sales by the brand, a trend that emerged as consumers began to reject the notion that they needed to worry about looking like the models in the marketing communications. For today’s young consumers, a pressure-laden image to be perfect is perhaps less appealing than alternative images that are more inclusive. In particular, public service campaigns against the spread of bullying made Abercrombie & Fitch’s insistent valorization of extremely thin and attractive models seem more problematic. As young consumers came to believe that inclusiveness was appealing, the snobbish appeal of Abercrombie & Fitch lost its power.



Abercrombie & Fitch’s sibling brand Hollister—which targets the younger versions of the same customers who eventually might shop at Abercrombie & Fitch—made a similar shift, even a little earlier than its big sibling. For example, its advertising campaigns have explicitly taken antibullying stances, encouraging young teens to find ways to fight back against and avoid bullying threats.

The company’s response involves not just its advertising but also its store and product designs. The infamous Abercrombie & Fitch logo has largely disappeared from tops sold in the stores, and the clothing designs are less risqué than some of the revealing products that teens once fought their parents to wear. In stores, though the company’s signature scent continues to waft out into the mall, the intensity has been cut by about half, even as the lights have been turned up to about twice the level they used to maintain.

As this multiyear transition continues, Abercrombie & Fitch is “like a teen culling her Instagram posts after a breakup.” Previous marketing campaigns and pictures are being taken down from its social media sites, deleted so that no one can find them easily. In addition, the retailer is seeking new models from among its 3 million Instagram followers.

Discussion Question:

1. **Why did Abercrombie & Fitch change its “friendly” image? How has it sought to do so?**
2. **How do you expect this change to affect Abercrombie & Fitch’s financial performance?**

Could a 'Breakfast Aisle' Revitalize the Grocery Center Store

Linda Winick, Retail Wire, October 12, 2016.

Use with Chapter 17, "Store Layout, Design, and Visual Merchandising"



Grocery retailers may need to redefine the seemingly straightforward concept of a product category. Conventionally, they would establish categories based on the product itself: cereal is one category, coffee is another, and muffins represent yet another distinct category. This straightforward notion has defined the layout and organization of stores for decades, but it also might be overdue for an overhaul.

In particular, if the goal of retailing is to give customers a compelling and enjoyable shopping experience, then product categories might need to become experience categories, and the layout of the store should follow that approach. For example, rather than separate aisles for cereal, coffee, and muffins, all these products should gather together in a single "breakfast" aisle that helps consumers find all the elements they need for a complete meal to start their day.

Kellogg's has started experimenting with this approach, finding ways to display its various products in appealing combinations of color and package sizes. The proximity of the different products to one another helps encourage cross-sales. According to the initial results, consumers are more likely to consider multiple related product categories when they are presented together on the shelf. In this drive, "Kellogg's realized they needed to start talking to retailers about aisle management, and not just category management."

Although these shifts and experiments are relatively novel for grocery retail, there is some precedent in other categories, such as furniture retailers that organize their stores by room. Rather than having to go to different departments to select sheets, a bedside table, and a mattress, consumers can review a bedroom display and choose all the necessary elements in a coordinated fashion.

Discussion Question:

1. Using on the "breakfast aisle" concept described herein, how would you suggest rearranging other grocery store categories?
2. How would this type of strategy work in an apparel store? A home improvement store? A drug store?

Does Starbucks Need to Pick Up the Pace at the Drive-Thru?

Matthew Stern, Retail Wire, October 6, 2016.

Use with Chapter 18, "Customer Service"

Despite all the ways that Starbucks exemplifies the effort to provide excellent customer service, even it struggles to keep customers totally satisfied. In particular, customers pulling up to Starbucks stores with drive-through lanes recognize that the service is relatively slow (an average order takes 5 minutes to fill) and troublingly inaccurate (one study ranked it seventh in accuracy among a group of 15 drive-through retailers).

But Starbucks hasn't gotten to where it is by ignoring the things that annoy its customers. Accordingly, it is experimenting with a curbside service, leveraging the mobile ordering option that it introduced in 2015. In this pilot program, available in just one store so far, customers can place their order through the mobile app, and a barista will deliver their latte, mocha, or tea to their car window, while they are parked at dedicated spaces in the parking lot. The idea is that the alternative option will reduce traffic in the drive-through lanes. In addition, mobile ordering (whether consumers pick up their drinks in the store or have them delivered curbside) helps baristas balance out their responsibilities, ensuring that people waiting in line get their beverages more quickly.

The next step seemingly would be delivery to people's homes or offices. One such service provides the option to workers in the Empire State Building already. But the logistical challenges of getting a single cup of coffee to consumers in dispersed locations, while still ensuring that the beverage stays hot, has limited the expansion of this option. Still, if there is any company that might be able to figure out how to serve its customers with such convenience, it's likely Starbucks.



Discussion Question:

1. What is Starbucks doing to improve customer service at the drive-through?

Retail Tidbits

Should Kroger Go After Whole Foods?

George Anderson, Retail Wire, October 14, 2016

Although the rumor turned out to be just speculation, not an actual report, a recent tweet by an analyst got grocery retail circles buzzing, when it proposed that Kroger might seek to acquire Whole Foods. The rationale went that Kroger has a long-established tradition of acquiring competitors to sustain its own growth, such as the Roundy's and Harris Teeter chains, as well as Vitacost.com. Furthermore, Kroger reportedly attempted (ultimately unsuccessfully) to acquire The Fresh Markets, and it has invested substantially in a 17-store organic and specialty grocery chain called Lucky's Market. The acquisition also seemingly could benefit Whole Foods, which has struggled with increasing competition from conventional grocers that continue to expand their organic offerings. Access to Kroger's deep pockets and vast reach might enable Whole Foods to improve its own performance. But on the flipside, the thought experiment also suggests some issues. The two chains have widely divergent images, and linking a distinctive brand like Whole Foods with the conventional brand represented by Kroger might minimize its appeal. Furthermore, Kroger has spent a lot on acquisitions recently, and its same-store sales declined in the most recent quarter, so it might lack the resources to be able to undertake such a merger. But when it comes to hypotheticals, the more interesting question is not whether Kroger can buy Whole Foods, but rather, should it?

Macy's to RFID Tag Everything

George Anderson, Retail Wire, October 21, 2016

When Macy's first started experimenting with radio frequency identification (RFID) tags, way back in 2010, vendors powerfully resisted its attempts to force them to tag all their merchandise before sending it to the retailer. The tags were expensive, and few manufacturers had the capacity to tag each item. The best many of them would do was to tag a pallet or carton. But how things have changed in the past few years. Today, Macy's is insisting that all vendors tag each product, and the vendors mostly are complying, convinced by not only the proven benefits of the sophisticated inventory management options but also the lowered prices associated with RFID tags today. In particular, Macy's cites its enhanced ability to meet customers' demands in an omnichannel retailing environment, due to RFID tags. These shoppers want to know exactly where and when they can find the merchandise they seek, and the only way to guarantee that ability is to track the location of each piece, at every stage of the supply chain. Furthermore, omnichannel retailing depends critically on accurate, well-analyzed data, and RFID technology provides Macy's with sufficient confidence in its own data that it can make promises to its customers, and then keep them. Industry-wide data indicate that the use of RFID technology in stores increases inventory accuracy to 95 percent, which then lowers stockouts by about half and accordingly increases sales. Finally, the costs of RFID tags have diminished, and they are more than accounted for by the decrease in inventory holding costs. Because retailers can stock precisely what they need, they require less safety stock in their supply chain, such that they can serve consumers far more efficiently and effectively.