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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:

- [The Tricky Relationship Between Luxury and Resale](#) (Chapter 2)
- [H&M Is Trying to Find the Next Man Repeller](#) (Chapter 15)
- [Finding the Right Balance Between Automation and People](#) (Chapter 18)
- [Will Consumers Prefer a Virtual Reality Department Store to the Real Thing?](#) (Chapter 17)
- [Are Shipping Losses the New Normal in Retailing?](#) (Chapter 6)
- [Walmart Tests Matching Prime Delivery Speed](#) (Chapters 6 and 10)
- [Loyalty: It's More than Free Burritos](#) (Chapter 11)
- [Do Vertical Retails Have a Customer Engagement Edge?](#) (Chapters 5 and 11)
- [SoHo's Gilded Home Store: Where Money Flows Like Water](#) (Chapter 4)
- [Penny-Pinching Millennials Are Keeping the Coupon Alive](#) (Chapters 15)
- [Can Starbucks Sell Espresso Back to Italians?](#) (Chapters 5)
- [Walmart and P&G: A \\$10 Billion Marriage Under Strain](#) (Chapters 13)

Retail Tidbits

- ❖ [Sears to Open Standalone Appliance Store. What Took So Long?](#)

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Summer
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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
- 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



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The Tricky Relationship Between Luxury and Resale

Hilary Milnes, *Glossy*, May 20, 2016

Use with Chapter 2, “Types of Retailers”



One of the defining elements of luxury products is their long-lasting quality, such that a true luxury watch or handbag can offer valuable use for decades. But even the most ardent luxury buyers might get tired of a particular purse or decide that they have enough shoes. In that case, the still valuable products likely enter some sort of resale market. In the past, those markets might have been local, but today of course, resale retailers are global, online, and expanding, and their presence creates something of a dilemma for luxury brands.

For well-known names such as Chanel, Prada, Gucci, or Hermès, the very notion that products would be resold undercuts part of their appeal: They promise such luxury and quality that no one would be crazy enough to part with their scarf or bag or watch. Furthermore, the resale price is lower than the original retail price, threatening to undercut the brands' price positioning. Proceeds from the sales go to the resale sites, and in some case are shared with the customer who owns the product. But the brands earn no further revenues from this retail channel. Finally, many luxury brands simply reject the notion that their high-end, experiential products can be sold effectively online, without giving customers the chance to see and feel the expensive fabrics and details in person, aided by a well-trained salesperson.

But there are some benefits too. In particular, resale sites such as The RealReal and Vestiaire Collection have developed sophisticated analysis capabilities, which they are willing to share with the luxury brands. The valuable information they gather can indicate, for example, which brands are trending among consumers. When Gucci hired a new creative director, customers on the resale sites started snapping up used Gucci items. With this information, Gucci could plan its transition strategy more effectively, with the knowledge that its sales were likely to increase in response to the new leadership. (And the predictions were accurate: Within the same year, Gucci's sales rose by 16 percent.)

The resale sites also have the capabilities needed to authenticate the products they sell as actual luxury items, rather than counterfeits. The consignment site Tradesy claims that its authentication software is 99.7 percent accurate. Such abilities benefit the luxury brands, which have long struggled to combat the constant threat of counterfeiting.

Other benefits have less to do with the resale sites' analysis capabilities and more to do with their appeal to consumers. First-time and younger buyers often cannot afford conventional luxury products, such that the lower prices available on the resale sites give them a sort of entry-level introduction to this market. Such access likely benefits the luxury brands in the long run, because it may initiate a loyal relationship over time, as these shoppers' incomes and buying power increase with their age.

The resellers themselves highlight another benefit for the luxury brands too. When consumers send one of their bags or watches to be resold in a consignment channel, they receive some proceeds from the sale, which they then can devote to purchasing a new item at full price from the luxury brand. The proceeds from these sales are nothing to scoff at: Classic handbags retain an estimated 70–90 percent of their value. On Prive Porter, the prices for resold Birkin Bags run into the six figures.

The promise of being able to resell also might reduce the perceived purchase risk in the first place. That is, if a buyer knows that she or he can resell the item if it proves not quite right, that buyer is more likely to engage in the luxury purchase in the first place. Thus even eBay has entered the market with its eBay Valet service, designed to help luxury consumers resell their high-end items on their own.

Discussion Questions:

1. List some of the online luxury resale stores.
2. Describe the tension between these stores and luxury goods manufacturers.
3. Whose side would you take, the online stores' or the manufacturers'? Why?

H&M Is Trying to Find the Next Man Repeller

Bethany Biron, *Glossy*, May 10, 2016

Use with Chapter 15, “Retail Communications Mix”

Fashion should be about expressing an individual preference and style, not about attracting potential romantic partners. At least that’s the philosophy of the Man Repeller blog, a site whose mission is to review, discuss, and share fashion and related topics that women enjoy and that many men simply cannot stand to hear about.

Man Repeller started as a funny and personal blog, but its popularity—including 1.4 million followers on Instagram and 360,000 on Twitter, as well as approximately 1 million daily visits to the blog site—has transformed the joke into a force to be reckoned with in the fashion world. Rather than depending on the dictates of fashion editors and designers, consumers increasingly turn to bloggers, seemingly regular people who can put together an outfit and have an eye for color. In turn, H&M works with Man Repeller not only to encourage promotions on that blog but also to identify other influential voices that might want to link with H&M as well.



Functioning in a mentor role, the blogger behind Man Repeller, Leandra Medine, will provide expert insights on a contest on the Bloglovin blog network that looks to find the best fashion blogger available. Each entrant into the contest has to post some of her previous work, as well as create a new outfit for others to critique. The outfit must contain at least one H&M piece, reflecting the retailer’s sponsorship of the contest.

The winner of the contest will be named the “Breakthrough Fashion Blogger of the Year,” and the benefits for this blogger come mostly in the form of increased exposure, as well as suggestions from Medine as a mentor. For H&M, its participation in the contest also gives it access to a whole range of fashion bloggers, whom it considers “instrumental to everything we do. We admire their passion and love that they showcase how H&M products can work for anyone and everyone.”

Discussion Questions:

1. What is Man Repeller?
2. Why has H&M teamed up with Man Repeller?
3. Taking a big picture perspective, how are blogs like Man Repeller changing the way fashions are communicated to customers?

Finding the Right Balance Between Automation and People

John Lofstock, Retail Wire, May 23, 2016

Use with Chapter 18, "Customer Service"



If, as appears likely, the minimum wage increases to \$15 for much of the United States, retailers might be bearing much of the cost of this societal shift. For low cost retailers or those that operate on slim margins, paying workers more makes it difficult to keep costs low. Accordingly, more and more of them are seeking solutions in automation and self-service technologies that can replace at least some retail workers in stores.

For example, McDonald's is testing the use of about 10,000 touchscreen ordering systems in Europe to determine if customers will embrace them. Some reports suggest the restaurant chain also is playing with the use of robotic arms that would move the food from behind the counter onto customers' trays.

Various supermarkets and home improvement chains already have self-checkout counters for customers willing to scan their own items. To support and extend these uses, Home Depot and Lowe's are experimenting with ways to train customers in how to use the technologies. If they can increase customer adoption, they can reduce their labor needs, in that one employee can supervise about four self-service checkout lines, on average, rather than

each checkout requiring a dedicated cashier.

The benefits for customers include the improved speed and reliability that such technologies promise. In particular, onscreen orders mean that customers can get exactly what they want. In fast food settings, they can create any customization option they prefer, rather than having to explain the complex ratio of pickles-to-onions that they want to a staffer at the counter.

Yet this form of customization is also distinctly impersonal. Without any access to customers, retail employees cannot improve their experience, ensure their satisfaction, distinguish the retail store, or even provide simple human interactions. If consumers visit public spaces to interact with others, self-service technologies are unlikely to meet their needs. And if every store has the same technology, they cannot differentiate themselves in the same way that a great retail employee does automatically.

Discussion Question:

1. What are the advantages and disadvantages of replacing retail employees with technology?

Will Consumers Prefer a Virtual Reality Department Store to the Real Thing?

George Anderson, *Retail Wire*, May 19, 2016. See also <https://youtu.be/yAuiXhJPnr8>

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

Can’t get to Australia this week? Get yourself a shoptical—a cardboard viewer that supports virtual reality applications—and you too can shop the inventory at Australia’s Myer department store, through an eBay-enabled function.

The latest step forward in shopping technology allows consumers to insert their smartphones into the virtual reality headset, then browse through about 12,000 items, without moving anything but their eye gaze. Using eBay’s proprietary Sight Search function, consumers can focus their gaze on any product to obtain constantly updated details and information about the offerings, their availability, and their prices. As an advertisement for the app asks, what if you could experience department store shopping without walls, floors, or escalators? But it also promises to be even better than an in-store experience, because you can look in and through products, seeing the materials and elements up close.

Furthermore, as users make their selections, by gazing at the products that interest them, the app learns their preferences, so that the next time they use it, they will see related and pertinent items. For example, the app begins by encouraging users to select a few product categories, so single people without children are unlikely to be distracted by offerings for children’s clothing on their future visits.

To promote the new shopping channel, eBay has offered 20,000 shopticals for free to Myer customers. Are you ready to strap the headset on to browse the inventory yet?



Discussion Questions:

1. Would you shop at the Myer’s/eBay virtual reality store? Why or why not?

Are Shipping Losses the New Normal in Retailing?

Retail Wire, May 16, 2016

Use with Chapter 6, "Financial Strategy"



Let's say you earn \$29 billion in revenues a single quarter and more than \$100 billion for the year. Do you make a profit? The question is more than a hypothetical, because if you earn these revenues, then you are Amazon. And if you are Amazon, the answer to the question has and continues to be, maybe.

When studying Amazon's revenue and profit streams, a key point is to consider merchandise sales, rather than sales in electronic categories, because those purchases inherently incur logistics and shipping costs. When a consumer downloads a song or movie from Amazon, there are no shipping costs; when that same consumer buys a CD or DVD, Amazon has to pay to get the product to that consumer.

Despite the sense that everything is becoming digital, these merchandise sales keep growing for Amazon—by nearly 32 percent in

North America and 30 percent internationally. Therefore, in one recent sales quarter, Amazon earned more than \$20 billion of its revenue from sales that required it to perform some other action: sourcing, shipping, and so forth. For example, spending on shipping in that same quarter exceeded \$3 billion, for which consumers paid for only \$1.8 billion. Overall then, Amazon lost \$1.4 billion, just in shipping costs. When it comes to fulfillment costs, Amazon spent \$3.68 billion.

The shipping losses amount to nearly 7 percent of merchandise revenue. Together, shipping and fulfillment costs are equivalent to nearly one-quarter of Amazon's sales of merchandise. Accordingly, Amazon's profits reached only 1.7 percent of its total sales.

Even as Amazon struggles to earn profits though, its stock prices keep jumping, likely because the retailer seems to defy all the existing predictions about sustainable sizes and advantages.

Discussion Question:

1. How do Amazon's shipping and fulfillment costs affect the financial ratios discussed in Chapter 6?

Walmart Tests Matching Prime Delivery Speed

Tom Ryan, *Retail Wire*, May 17, 2016

Use with Chapters 6, “Financial Analysis,” and Chapter 10, “Information Systems and Supply Chain Management”

Consumers who simply cannot wait to have their purchases delivered from their favorite online retailer have a couple of notable options. They can pay nearly \$100 to sign up for an annual Prime membership from Amazon, or they can pay half that to subscribe to the ShippingPass service from Walmart. Let’s compare the two.

ShippingPass is still a relatively new service from Walmart, and it is available in only limited areas. For \$49 per year, members get free delivery of millions of popular products, in under two days. In contrast, nonmembers must wait up to six days for delivery and are required to pay the shipping costs for any orders that total less than \$50. To support these promises, Walmart is relying on its excellent distribution network, including eight e-commerce–dedicated warehouses that coordinate with its more than 150 distribution centers. Delivery from these centers will come from regional services. Furthermore, Walmart plans to leverage its existing stores, which number more than 4,600, and its fleet of more than 6,000 trucks to increase consumers’ access to products they order online.

Amazon’s Prime service instead is well established, having been around for more than a decade. Also promising two-day, free delivery in most cases, it costs more, \$99 per year, but it includes immediate access to digital content, including select television shows, movies, music, and books. Amazon lacks its own stores or trucking fleet, but it has existing agreements with various delivery services to get packages onto consumers’ doorsteps quickly and accurately.

In this competitive environment, Walmart promises that its logistics and transportation experience make it able to offer quicker shipping for less money..



Discussion Question:

1. What is Walmart doing to better compete with Amazon?
2. How will this action impact the financial ratios discussed in Chapter 6?

Loyalty: It's More than Free Burritos

Ashley Tway, Retail Wire, May 18, 2016

Use with Chapter 11, "Customer Relationship Management"



Faced with a major health crisis, Chipotle responded by promising that it was improving its safety standards and assuring customers that they could feel confident that their burritos contained no traces of E. coli. But such promises have not succeeded sufficiently in encouraging people to return to the stores, so the chain also started sending out coupons, and lots of them, for free meals.

In both electronic and traditional direct mail channels, Chipotle provided the coupons to current, lapsed, and potential customers. Over the course of a few months, it sent approximately 21 million coupons, prompting people to revisit and re-experience the restaurant concept. Furthermore, it asserted that it was using the promotion to develop its customer loyalty program. Observers note though that the loyalty program thus far has not appeared to do anything other than send out

those 21 million coupons, and that effort was not particularly tailored to appeal to loyal or potentially loyal customers.

Instead, it might be mistaking store visits for loyalty. But if the only reason customers visit the store is to redeem free coupons, the restaurant chain has several serious challenges. First, it cannot make sufficient profits in the long term based on promoted items. Second, even if customers return, Chipotle may have trained them to expect something for free every time they come back.

Chipotle's competitive advantage historically has been based on its healthy and better ingredients, not its low price. Yet today, it faces allegations of unsafe food practices and promises cheap, or even free, food. Can it maintain customers' loyalty when it takes such a different tact?

Discussion Questions:

1. What is Chipotle doing to get back its loyal customers?
2. Do you believe its plan is working? Why or why not?

Do Vertical Retailers Have a Customer Engagement Edge?

Tom Ryan, *Retail Wire*, March 16, 2016

Use with Chapters 5, “Retail Market Strategy,” and Chapter 11, “Customer Relationship Management”

What enables retailers to engage their customers? Apparently, it entails selling a single, owned brand in dedicated stores, also known as vertical retailing. In contrast, department and big box stores that sell a range of brands often struggle to engage consumers in the experience as easily or effectively as the vertical retailers do almost inherently.

Vertical stores have long been praised for the price advantages they offer: The retailer does not have to mark up the wholesale prices it pays the manufacturer. But the enormous advantage of being a vertical retailer is not limited to prices. Rather, these retailer’s intimate and in-depth knowledge of their products enables them to create in-store and digital experiences that their customers truly appreciate, then link with them in varied and creative ways.

Some of the best in terms of offering great store experiences include Apple Stores and Williams Sonoma, as well as Warby Parker, Starbucks, and Victoria’s Secret. Even Trader Joe’s, with its fun experiential offerings, benefits at least partially from its extensive line of store brand merchandise. Furthermore, even when vertical retailers struggle somewhat in their market performance, for any variety of reasons, they still can leverage their experiential advantages, as exemplified by J. Crew.

In contrast, department stores struggle to create the same sense of experience, though Nordstrom might be an exception that proves the rule. Especially as several department store favorites, such as Jones New York and Liz Claiborne, disappear from shelves, these non-vertical retailers are stuck seeking ways to connect with customers in innovative ways. For example, Lululemon can host a yoga event that will appeal to virtually all of its clientele. Macy’s would struggle to find anything as broadly or similarly appealing to the diverse shoppers with whom it wants to create a link.

An emerging force in this competition to provide the best experience comes from e-commerce retailers that increasingly are opening physical locations to interact with consumers. For these retailers, the stores themselves provide channels for sharing content and telling stories about the brand, which in turn should enhance customer loyalty.



Discussion Questions:

1. Why do vertical retailers have an advantage over stores that carry many brands when it comes to developing and maintaining loyal customers?

SoHo's Gilded Home Store: Where Money Flows Like Water

Jason Barron, *The New York Times*, May 20, 2016

Use with Chapter 4, "Customer Buying Behavior"



Consumers can test cosmetics, try on pants, and lie on mattresses for a few moments before purchasing them, and such trial runs are critical for many purchase decisions. But when it comes to home remodeling, home improvement stores and design showrooms alike generally force shoppers just to imagine how a product on a shelf might look in a room that they have spent thousands of dollars to redesign or build. One high-end chain seeks to overcome that challenge by making sure everything it sells, from shower heads to stoves, is completely functional in stores and encouraging customers to give those items a try before they leave.

The Pirch chain of eight stores thus is notably different. Although it sells dishwashers and ranges, it presents them like art instead of appliances. Begun in California, it recently opened a New York store, with 32,000

square feet. In addition to the artistic sensibility and soft lighting, the store is unique in its inclusion of massive gas lines and water pipes—needed to make sure everything works as it would in the customers' homes.

Those homes might not be quite as large as the showroom, but they also are unlikely to be one-bedroom apartments. Pirch's prices clearly establish it as a high-end retailer, targeting wealthy clients who might spend \$157,000 on a gas range. It also regards and describes its mission somewhat differently than traditional retailers might. For example, Pirch's preferred terminology suggests that it "curates" the products in its stores, rather than selling or carrying them. Moreover, its organizing principles are verbs that suggest what customers should do in its stores: "dream, play, choose," as well as "live joyfully."

Living joyfully might be exactly what it is like to take a shower in the middle of a showroom to select from among the 30 different showerhead fixtures. Or maybe it is simply the best way for customers to get exactly the bathing experience they want.

Discussion Question:

1. What type of need to people have when they go to Pirch?
2. How does Pirch reduce information search?

Penny-Pinching Millennials Are Keeping the Coupon Alive

Penny Mosendz, Bloomberg, June 16, 2016.

Use with Chapter 15, "Retail Communications Mix"

The practice of couponing is alive and well; it even is bigger and better than traditional forms that required people to clip the paper inserts in newspapers. As Millennials, with their massive student debt and relatively low incomes, embrace the appeal of couponing, they also have redefined what it means and how it can be practiced.

To start, for most young consumers, a coupon can take a variety of forms. It might still be a slip of paper promising a discount on packaged goods at the grocery store. But they also tend to lump rebates and promotions into their couponing practice. Thus when they use their loyalty card at the drugstore, purchase a piece of clothing from a flash sale site, join cash-back shopping programs, input discount codes to retail websites, or refer a friend to get a discount on a service offering, it all seems like couponing. Considering the wide range of these promotional options available, one assessment suggests that nearly 9 out of every 10 Millennials uses coupons.



The variety of options also continues to expand. For example, Valpak still sends blue envelopes to consumers' mailboxes, and the circulation rates for these hard copy coupons has remained steady at about 39 million households. But it also offers local online and mobile search function that enables users to find businesses that are offering relevant coupons. As a result, it notes that 2 million coupons were printed from electronic links in a recent year.

The notion that customers would need to print physical copies of coupons or continue to use the versions published in newspapers may seem anachronistic in the modern Internet and mobile era. But thus far, digital coupons have remained diverse and uncoordinated, failing to offer a "seamless experience." It quickly becomes confusing to determine which app to download or which box to click to receive the coupon discount when each retailer has a different process. Therefore, customers looking to ensure that they get their dollars off print out a hard copy that they can present wherever they choose to shop.

In this environment, one app claims that it can address the confusion and still enable young users to avoid extra pieces of paper. Ibotta is a rebate app on which users upload their receipts to demonstrate that they have purchased a particular item or visited a certain store. They then receive refunds of the promised discount; users report an average of \$10–\$12 in savings each month.

In addition to appealing to consumers by putting the entire process in one place, Ibotta promises some notable benefits to the brands that offer coupons. In particular, they only pay for discounts that get redeemed. Rather than providing money upfront, the companies know that each discount represents an actual sale of their product. Furthermore, Ibotta helps its client companies collect extensive, aggregated data about who is buying, when, where, and in response to which coupon offer.

With these promises, Ibotta helps resolve a long-standing challenge for coupon providers, in that the motives for manufacturers differ from those for retailers. If it can appeal to everyone involved—the brands, the retailers, and the customers—it might represent the future of couponing. Still, for the serious coupon clipper, a single site might never replace the fun and discounts they can accrue by combing through all the various sources that make coupons available.

Discussion Questions:

1. Why do Millennials like coupons?
2. How are retail marketers appealing to this demographic group?

Can Starbucks Sell Espresso Back to Italians?

Dan Liefgreen and Chiara Albanese, Bloomberg, June 16, 2016

Use with Chapter 5, "Retail Market Strategy"



The 74th country in which Starbucks will open shops is also the first place that anyone ever had the idea for Starbucks. As the chain's well-known origin story has noted, Howard Schultz loved the espresso culture in Italy and sought to bring it to the United States. But the version of this culture and experience that has made Starbucks into a global juggernaut is quite different from the traditional version of espresso consumption in Italy, raising questions about just how successful this specific international expansion will be.

In particular, in Italy, an espresso break means heading over to a small bar, where consumers receive small cups, with saucers, of the strong coffee, consumed quickly while standing up. They might chat for a few moments about the weather, the football league, or politics, but after a few minutes, the bar owner will shoo them out the door, to make room

for the next consumers.

The experience at Starbucks is totally different of course, and for some traditionalists, the expectation that Italians would linger over sweetened drinks with made-up names, served in paper cups, is not just absurd but also a little horrifying. Paper cups!

However, some evidence suggests that there is room for both traditional bars and third space venues like Starbucks. Arnold Coffee is a four-store chain that has adopted the Starbucks model, offering free wi-fi, bagels and brownies, and cinnamon caffe lattes. Even its motto highlights its distinction, laying claim to offering "The American Coffee Experience." Especially for younger consumers, as one student explained, "The experience at the traditional Italian bar, downing an espresso in two seconds, isn't what I'm looking for. I need a place like this to study or meet friends or just relax."

That is precisely what Starbucks offers, so the company expresses confidence in the expansion. At the same time, it is making some nods to local preferences. Starting in its first, Milan store, Starbucks will emphasize espresso more than it does in other international locations, where coffee drinkers prefer something a little lighter. It also will rely on local farmers to source milk and some of its food options. Although further expansions have not been announced yet, it seems like only a matter of time before the mermaid logo will appear on corners of cities throughout Italy, next to the espresso bars that line the streets today.

Discussion Question:

1. Will Starbucks be successful in Italy? Why or why not?

Walmart and P&G: A \$10 Billion Marriage Under Strain

Sarah Nassauer and Sharon Terlep, *The Wall Street Journal*, June 14, 2016
[Use with Chapter 13, "Buying Merchandise"](#)

When asked to comment on their relationship, representatives from Procter & Gamble (P&G) and Walmart have similarly polite responses, citing their long and well-established history of working together for the benefit of consumers. But once we get past the polite talk, the relationship looks a lot more rocky—and yet, still unlikely to come to an end any time soon.

The history of their connection is well known, especially because the close collaboration between the consumer goods company and the retail giant was virtually unprecedented when they first started working together. Rather than battle over slotting fees and contract negotiations, Walmart and P&G shared inventory data and promotional allowances. Both parties benefitted. Walmart got to stock popular products and in some cases was the first or only source for new innovations. For P&G, the alliance meant that its products received prime positions on shelves and support from in-store promotional materials.



But even the best partnership hits rough patches, and when the two sides depend on mutual understanding instead of specific contracts, it's easy for some opportunism to creep in. For example, when given a chance to sell its Febreze air fresheners through Aldi stores, P&G saw no reason to limit itself, but Walmart cried foul, because Aldi was selling the products for much less than Walmart could afford to do. It thus insisted that P&G lower the wholesale price of the products, a move that P&G strongly resisted.

At the same time, Walmart has expanded its stock of private-label options that compete directly with P&G's offerings. Next to the Swiffer display for example, Walmart stocks its Great Value brand floor cleaning cloths, a move that P&G asserts undercuts its sales in the short term. It also complains that the move harms the brand reputation in the long run, because people grab the lower quality, private-label cloths to refill their Swiffer supplies, then stop using the device altogether when the cloths don't work very well.

Some of these moves are simply new developments in a close, dedicated relationship that has spanned more than 30 years. But some of them also reflect the parties' responses to the modern retail environment. For example, because Walmart faces increasing competition from Amazon, it needs to find ways to lower the prices it charges customers, so it is putting more pressure on suppliers, including P&G, to provide their products at a lower cost. At P&G, which has not introduced a new blockbuster product (defined as one that accounts for at least \$1 billion in annual sales) in more than a decade, the goal is to expand the presence of its products on Walmart's shelves, not be forced to compete with an ever growing list of private labels and new suppliers who lack the same history with Walmart.

With these contrasting motivations, the negotiations between Walmart and P&G reportedly are heated and difficult. Each side has admitted to working to toughen its own stance and hired new executives with reputations for being tough negotiators—even as each side also continues to express respect for its partner.

Discussion Question:

1. Why are Walmart and P&G long-time strategic partners?
2. What is straining their relationship?

Retail Tidbits

Sears to Open Standalone Appliance Store. What Took So Long?

George Anderson, Retail Wire, May 13, 2016

Sears has long enjoyed a great reputation for the quality of its appliances and power tools, but mixing these offerings in with discount clothing and housewares was diminishing their appeal. Finally, Sears has decided to look into splitting up its inventory, opening a 10,000 square foot, pilot Sears Appliances store in Colorado. The featured appliances will include kitchen, laundry, and cleaning options, from 10 top brands, including those owned by Sears. In addition to the product offerings, the pilot store will provide service options, such as appointments with experts in the store and a huge, interactive display that helps customers design virtual rooms with coordinating appliances. As one senior executive promises, the pilot store, and perhaps the future for the retail chain, reveals “how we are focusing on our best categories, stores, and members.”

[Top of Document](#)