



RETAILING MANAGEMENT

Levy|Weitz|Grewal

Newsletter for Instructors

March
2021

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The Shift to the Suburbs: A Consumer Trend in Housing, Working, and Buying

Kristen Bayrakdarian and Kevin Armstrong, "Why Some Suburban Businesses Are Thriving During the Pandemic," *The New York Times*, February 1, 2021

Use with Chapter 4, "Consumer Buying Behavior"



For some businesses that are enjoying increased sales from stay-at-home workers and families, the immediate, if perhaps surprising, explanation is the effects of COVID-19. If workers are no longer commuting to jobs in an urban center, they are far more likely to shop with nearby, suburban retailers. Such trends are evident in the restaurant industry, where suburban eateries are attracting a lunch rush that previously would have been downtown in the middle of the day. They also include gift and apparel retailers though, because it is no longer easy or convenient for commuters to pop into a shop around the corner for a new suit or a gift for their child to bring to a birthday party the coming weekend.

But attributing all of these changes just to the pandemic may be short-sighted overall. There is no question that non-urban retail locations, especially in commuter communities surrounding big cities like New

York City, are benefitting from the change in people's work lives. In Westchester County in New York for example, an estimated 40 percent of residents commuted into the city every day for work. Now that 90 percent of the employees whose offices are in Manhattan are working from home, and those workers find it much easier to access their local shops and restaurants.

They also have more disposable income in many cases. For example, if they cancelled vacations to avoid traveling during the height of the coronavirus, they might have a little more to spend on gifts to tell loved ones that they are thinking of them. The frustration of lockdowns led people to order more delivery meals as well, which again benefit the restaurants nearest their homes. Another retailer, specializing in picture framing, noted that people who had gotten tired of staring at the same walls in their houses were splurging more on artwork and presentations that add interest to their living spaces.

But as the retail owners acknowledge, these shifts also required some traditional efforts to come to fruition. One small sushi chain, with three locations, noted that it closed its Manhattan spot even before the pandemic, because it found that its best advertising and growth came from parents at their children's weekend soccer games, telling one another about a great meal they had the night before. That word-of-mouth effect has intensified during the pandemic, but the basic premise remains the same. As local online parenting groups share suggestions for where to find the best sushi, the local restaurant recognizes that this form of promotion still has the most impact on its sales.

Similarly, after a New Jersey resident read about a gift shop on her town's local website and visited there once, to find toys to keep her children busy during the lockdown, she returned dozens of times to get more gifts for friends, whose birthdays and anniversaries she wanted to celebrate. In this sense, having an appealing retail assortment remains the main driver of her shopping; the pandemic simply pushed her to find the store in the first place.

The importance of both traditional retailing tactics benefits and the impetus created by the coronavirus is likely to persist, considering another notable trend: more people moving out of the city and to the suburbs. One estimate indicates that 5 percent of New York City residents have sought to leave—which may seem small until we think about how many people that percentage reflects. Home sales in commuter communities accordingly increased by 44 percent in 2020, compared with before the pandemic.

Thus local retailers are gearing up to welcome new loyal customers. They know that their old (or perhaps "long-standing" is a preferable description) and loyal customers have kept them afloat during difficult times in the past, and they hope that their newly loyal fans will help them continue to do so for the future.

Discussion Questions:

1. How has the pandemic changed customer buying behavior?
2. How has consumer buying behavior remained essentially the same, even during the pandemic?
3. Are the shifts likely to persist across different stages and the abatement of the pandemic?

Scanning the Growing Uses of QR Codes

Lora Kelley, "Actually, QR Codes Never Went Away," *The New York Times*, January 28, 2021

Use with Chapter 3, "Multichannel and Omnichannel Retailing"

Are they efficient or clunky and overengineered? Are they for purchases and commerce or for entertainment? Do they educate or confuse? Each of those descriptions has been used to refer to QR codes, the black, scannable squares of code that take smartphone users to some form of linked content. Regardless of people's view of them though, their uses continue to expand, driven by several macroeconomic and social trends.

The impact of COVID-19 is a pretty obvious driver. If and when consumers felt safe venturing out to a restaurant, having a QR code in the menu or printed onto their check enabled them to pay with virtually no physical contact with any servers. Public health services also post QR codes that vaccine-seekers can scan to get an appointment, check their status, and so forth. For many educators, the QR codes have proven invaluable in ensuring that students have access to the classroom materials that they need when they are learning at home.

All of these developments were preceded by a necessary prior shift though, induced by an Apple update to its phones' operating systems. That is, the iOS 11 update meant that every iPhone's camera could scan the QR codes automatically, such that users did not have to download a separate app to make the link, as they previously did. This ease of use greatly expanded people's willingness to scan the codes, which then set the stage for their expanded uses.

Such uses were not the original purpose of QR codes. Rather, they were invented by an in-house engineer, seeking ways to streamline and facilitate supply chain operations for an automobile manufacturing firm. The idea was that the "quick response" codes could inform the company where each part was in the supply line, enabling faster adjustments and just-in-time manufacturing capability.

Their uses clearly have expanded since then, though not without some stops and starts. As the codes spread, many firms used them in confusing or inapplicable ways, such as when they would be pasted onto outdoor billboards along highways, which drivers could not reasonably stop to scan. Some forward-thinkers hired tattoo artists to ink them with personalized codes that, when scanned, would take acquaintances to their personal social media pages or websites, though that was more for fun than functionality. But as more helpful and relevant applications have emerged, more consumers realize their convenience. In China, where mobile payments are extremely common, more than 90 percent of transactions rely on QR codes or similar links to digital wallets. China's central government also used them to help trace COVID-19 patients' movements and health status during the pandemic.

In such settings, when people want the convenience of remote links to necessary information and functions, and companies grow better at supporting their use, the clear functionality and straightforward appeal of QR codes makes them unavoidable. You might not get one tattooed onto your arm, but you're likely to be scanning quite a few of them on your phone.



Discussion Questions:

1. **Why has the spread of QR codes been so staggered, rather than linear? What factors have slowed the growth, and which ones have increased it?**
2. **Why haven't QR codes been more popular, especially in the United States, and how has the COVID-19 pandemic changed their level of popularity?**

Fashion Editors Were the Original Influencers, So Why Not Leverage Their Insights for Retail?

Tom Ryan, "Will Allure Editors Outdo Other Beauty Merchandisers with a New Store Concept?" *Retail Wire*, February 2, 2021

Use with Chapter 2, "Types of Retailers," and Chapter 4, "Consumer Buying Behavior"



When it comes to fashion and beauty trends, magazine editors still wield considerable influence. They help determine which shades, styles, and trends will be in season, then show readers how to make those looks work. Such influences can powerfully determine what consumers buy, which suggests a seemingly obvious notion: Why not develop a retail concept that only sells what these experts recommend?

The new stores being opened by the publisher of Allure magazine reflect just that idea. Conde Nast already is an extensive conglomerate, but it is branching out into physical retail, starting with a 2,900-square-foot store in Manhattan. The store design will reflect the beauty magazine's layout, featuring sections for hair care, cosmetics, and skin care, along with a dedicated section for winners of Allure's "Best of Beauty Awards." The in-store retail assortment will be determined and curated

by Allure's beauty editors, who also will make personal appearances to host tutorials and special events.

This expansion to a brick-and-mortar store also might be seen as an expansion to Allure's existing retail efforts, including a popular subscription box service. With this offering, its editors already gained experience curating offerings for interested readers and consumers. The subscriptions have proved highly effective, earning 20 percent revenue increases compared with previous year sales.

Allure's website also has experienced greater traffic, mainly linked to people seeking beauty advice and recommendations. These increasing numbers of visitors also spend more time on the site, compared with previous annual measures. In this sense, the magazine already knows how to interact with consumers to provide them with the insights they seek.

Linking all these factors together, the new physical location also will feature smart mirrors and augmented reality features, to help shoppers experiment with various looks and share them with friends. In this way, the influence exerted by the expert beauty editors can be spread and extended by consumers who seek to gain their own influence among their friends or social media followers. In this growing flow of influence, a recommendation by a single Allure editor, shared in the magazine, website, subscription box, and store, might rapidly become a purchasing trend for millions of beauty consumers.

Discussion Question:

1. Is Allure's retail location likely to be as successful as its subscription box? Why or why not?
2. Why did Allure choose to open its first store in Manhattan?

Migrating into Physical Locations: Allbirds' Expanding Retail Flock

George Anderson, "Allbirds' Profitable Business Soars Higher as It Continues Opening Stores," *Retail Wire*, February 2, 2021; <http://www.allbirds.com>

Use with Chapter 7, "Retail Locations," and Chapter 11, "Managing the Merchandise Planning Process"

When it first hatched, Allbirds was a direct-to-consumer, online brand, selling a single design of casual wool sneakers that it promised would be produced with the least environmental impact possible. From that founding principle though, the retailer has expanded in nearly every direction, due to its growing popularity, combined with its continued insistence on high ethical and environmental standards.

First it expanded its product lines, adding more styles of shoes, such as a running shoe in addition to the initial casual sneaker. Then it diversified into other materials, in addition to the merino wool that initially launched the idea for the company. It derives fiber from trees, and it transforms residual sugarcane biomass into a type of foam that builds the soles of its shoes. Next, it added other clothing options, such as socks, shirts, underwear, and jackets—all still made of renewable materials.

Sales kept growing, and consumers kept asking to interact more closely with the brand. Thus in 2018, it opened two stores, in San Francisco and Manhattan. Their success led to further expansions of the brick-and-mortar infrastructure, including internationally. The most recent count identifies 23 stores, throughout the world, where shoppers can go try on the diverse array of shoes and clothing.

In line with its general ethical stance, Allbirds does not plan to grow in ways that benefit only the firm and not broader society. Having achieved the ability to manufacture its products with approximately 60 percent less energy than conventional practices, using all renewable materials, it hopes to spread these insights globally as well. The process it uses for building the SweetFoam shoe soles is posted on open source forums, available to anyone. In addition, the company explicitly invited Jeff Bezos to review its manufacturing processes, in the hope that Amazon would embrace similar efforts when it produces items.



Discussion Questions:

1. What types of expansion has Allbirds undergone to reach more customers?
2. Where should its continued expansion efforts focus? Other retail channels? More locations? Expanded product lines? Defend your answer.

Modern Last Mile Options: Getting Products into Customers' Hands in Novel and Varied Ways

Tom Ryan, "Should Store Associates Deliver Online Orders?" *Retail Wire*, January 19, 2021; George Anderson, "Albertsons' Pilot Is Latest Part of the Plan to Supercharge Omnichannel Ops," *Retail Wire*, January 21, 2021; Tom Ryan, "Do Retailers Need to Further Commit to Free Delivery?" *Retail Wire*, February 1, 2021; Maisie Woolverton, "Not Every Retailer Is Sold on Curbside Pickup," *Retail Wire*, January 29, 2021; <http://www.allbirds.com>

Use with Chapter 5, "Retail Market Strategy," Chapter 9 "Information Systems and Supply Chain Management," and Chapter 10, "Customer Relationship Management"



The proverbial last mile in supply chains—which refers to the point that the product transfers from the retailer's possession to the customer's ownership—has always been a challenge. Modern advances and trends seek to improve and enhance this step, but the solutions, as well as reactions to them, vary widely, making it difficult to derive consistent recommendations. Rather, it is up to each retailer to consider its needs and abilities, as well as its customers' preferences, to design its systems most effectively.

Consider some of the novel approaches that have arisen, especially in the COVID-19 era, when retailers got creative in figuring out how to hand over purchased products without making physical contact. Albertsons introduced refrigerated kiosks at some of its stores, installing them in the stores' parking lots. Shoppers place their order in advance and select a pickup time. The kiosk gets stocked with the items they have purchased. When they arrive, during their

chosen two-hour pickup window, they scan a code received on their phones, which brings their order to the front of the kiosk.

Albertsons has indicated success with the experiment and is adding similar lockers and kiosks to more stores, yet at the same time, other retailers are halting and rejecting their own curbside pickup options. According to one analysis, consumers simply find the process too complicated. The challenges of coordinating staffing to pick and bring purchases to the curb or locker, as well as stockkeeping and inventory tracking, prompt these retailers to give up on the effort. Especially as COVID-19 restrictions eased, both the retailers and their customers returned to embracing more traditional methods, whether people came into the store to gather what they wanted or placed an order for delivery to their homes.

But delivery options might be undergoing an upgrade too. Various retailers have expanded their partnerships to include more delivery services, including not just national logistics providers but also smaller, local carriers that promise to get a product from the local store to a local customer. Albertsons, in addition to experimenting with kiosks, decided to outsource all deliveries of online orders, rather than relying on in-house operations as it has in the past.

But for Zumiez, relying on outside vendors to deliver packages seemed inconsistent with its focus on building connections between its tween customers and its exceedingly cool sales associates. Therefore, it is expanding the sales associates' job roles to include delivery, similar to a pizza delivery model. Thus, a staff member might pull up into a customer's driveway, in her or his own car, toting the skateboard the customer ordered. The retailer also encourages that associate to build connections, perhaps by showing the new owner some new tricks with the board. In addition to building the brand's image and facilitating last-mile delivery, the expanded service helps sales associates who want to pick up extra hours, to the extent that they even might qualify for full-time employment benefits from the retail employer.

Delivery thus offers great appeal for this retailer and its customers, but it remains expensive, prompting some retailers to avoid it or else charge customers for the service. According to research by a logistics firm, only 8 percent of the top ecommerce retailers in the United States offer completely free shipping, with no minimum purchase. On the other side, 30 percent of them never provide free shipping. The rest use delivery prices as a promotional tool: As long as customers buy more, above some price point (usually around \$35), they can get the delivery for free.

Although the rationale for charging for delivery is clear, especially for smaller retailers that simply cannot afford to pay these costs, the downsides are evident too. In a market in which most consumers have come to expect even same-day shipping from major retailers such as Amazon and Walmart at no cost to them, making them pay for potentially slower delivery is a difficult proposition to make.

The variety of last-mile options thus highlights the challenges for today's retailers and the considerations they must make before committing to curbside, in-store, and delivery strategies. There is no one-size-fits-all solution though, and that makes the decision even more difficult.

Discussion Questions:

1. **Why are retailers seeking new options for getting products into customers' hands, beyond traditional channels?**
2. **What are some of the benefits and challenges of curbside pickup options, for retailers and consumers?**
3. **Should retailers set minimums for free delivery? Or should they offer free shipping across the board?**
4. **Do you use curbside pickup for your purchases? If so, for what kinds of purchases do you use it?**
5. **Do you use delivery options for your purchases? If so, for what kinds of purchases do you get deliveries?**

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People Need Cookies. How Will Girl Scouts Supply Them During COVID-19? Some Novel Approaches

Tom Ryan, "Girl Scout Cookie Selling Goes Omnichannel," *Retail Wire*, January 20, 2021

Use with Chapter 3, "Multichannel and Omnichannel Retailing,"

For some consumers, Girl Scout cookie season is the high point of the year, better than the holidays or spring break. People wait all year to load up on Thin Mints, Tagalongs, and Samoas, hoping their local Scouts will set up tables outside grocery stores or ring their doorbells with an order sheet in hand.

But those activities have been severely curtailed, due to COVID-19 risks, as well as general societal norms that frown on unsolicited sales, unexpected visitors, and allowing children to approach unknown people's homes—even if the situation is completely innocent. Accordingly, the Girl Scouts and their organizing entity have sought creative ways to solicit orders and then deliver them to hungry consumers.



Throughout the country, GNC stores agreed to let local troops set up tables to sell cookies outside their doors, which helps the troops overcome potential bans by the local grocery stores where they previously appeared. Still, this option is subject to the in-person concerns that might keep parents from allowing their children to hawk the cookies to strangers, as well as those that prevent shoppers from stopping to grab a box.

Thus, more creatively, the Girl Scouts of America developed a partnership with Grubhub to take and deliver orders. The delivery service waived fees to the Girl Scouts, likely recognizing the positive press and increased interactions it might gain from helping the well-known nonprofit organization continue a long-standing tradition. The Scouts are in charge of tracking the orders on the Grubhub platform, which also offers the potential benefit of teaching them life and job skills for the future.

Beyond these national initiatives, parents in some local troops have set up their own sales websites and social media pages. If they can gather orders this way, they likely can manage delivery as they have most years, when parents would drive their Scouts around to drop off the boxes. This year, they simply will need to leave the cookies at the door, rather than handing them to the customer in person.

Despite these creative solutions though, the Girl Scouts worry about the disruption to their traditional supply chains. It is difficult to communicate with the vast, diverse markets of people who might have ordered a few boxes from colleagues at the office, a couple more from local Scouts going door-to-door, and then an extra box or two from the table set up outside their grocery store. If none of these conventional channels are open, will they search out and find the other routes to getting cookies? Considering the way some people look forward to them, the chances seem pretty good that they will.

Discussion Question:

1. How can the Girl Scouts—whether the national organization or local troops—effectively promote these new purchasing options?
2. What channels for ordering and delivering cookies seem likely to persist, even if the restrictions of the COVID-19 pandemic are lifted, due to safety and other concerns?

Bots in the LFC: An Automated Addition to Walmart's Supply Chain

George Anderson, "Will Walmart Gain an Unrivaled Edge by Automating its Local Grocery Fulfillment?" *Retail Wire*, January 27, 2021

Use with Chapter 9, "Information Systems and Supply Chain Management"



Local fulfillment centers (LFCs) refer to relatively compact warehouses, installed inside or next to stores, that use modular structures to store inventory in close proximity to the sales site. As applied by Walmart, they also feature a remarkable level of automation, prompting greater efficiency and benefits that the retailer plans to leverage further.

The warehouses are equipped with extensive, advance technology and bots that pick the orders from the LFC shelves. All these products get dropped together at designated stations, where human workers gather the specific items needed and assemble them as needed, whether for restocking store shelves or for delivery to customers waiting curbside. Furthermore, cold and perishable items are left to the workers to select and transport, whereas the bots take over nonperishable and other products. In delineating these responsibilities, Walmart carefully notes that it does not plan to

replace human workers completely with automated bots.

Although many LFCs serve just one store, when there are multiple stores in a close geographic range, Walmart has found ways to leverage the warehouse's capabilities more efficiently, to support multiple store operations. The greater efficiency created by the bots is key to Walmart's efforts to offer same-day shipping to customers, without having to expand its employee rolls too drastically.

The benefits of the few existing LFCs that Walmart already has installed, including not just greater efficiency but also expanded market share, earned through its improved operations, are encouraging it to introduce them more widely. Other retailers are experimenting with micro-fulfillment centers too, including Albertsons, Meijer, and Kroger. Across the grocery industry then, LFCs may emerge as a critical step in the supply chain that demands strategic consideration and careful designs.

Discussion Question:

1. Are automated fulfillment centers and bots ultimately likely to replace human workers, if they offer greater efficiency and other benefits?
2. How should retailers determine where to locate LFCs? What considerations do they need to include in these location decisions?

Rewarding Big Mac Buying: Emerging Insights into McDonald's Planned Loyalty Program

Amelia Lucas, "McDonald's Enters New Phase of Testing a U.S. Loyalty Program Ahead of Nationwide Launch," CNBC, February 3, 2021

Use with Chapter 10, "Customer Relationship Management"

Other fast-food retailers do it. And in other countries, McDonald's does it too. But for the first time in the United States, the hamburger chain is starting to roll out a loyalty program that rewards consumers for their frequent purchases. Although it has been implemented in only about 900 stores thus far, and only in select geographical regions, the elements of the program are starting to become clear.

Called MyMcDonald'sRewards, it offers a relatively conventional exchange of 100 points for every dollar that members spend. The redemption process reportedly will feature four tiers, such that once loyalty program members reach 1,500 points, they can get an order of fries for free, or they can keep building to the highest, 6,000-point tier and redeem that for a full meal.

To earn the points, members must log in to their accounts to place the order, which creates new personalization opportunities too. If they place an order through the mobile app, then pull through the drive-through lane a few minutes later, customers are likely to be greeted by name. Special offers will reflect their purchase history as well, designed to encourage them to order more or try new menu options.

In addition to customers, McDonald's is opening the loyalty program to employees, such that hourly workers can earn points by completing training modules, especially those related to the company's new technology options. With this approach, it hopes to make the employees more loyal too, by recognizing their efforts to support the company's introductions of new concepts and ordering channels (e.g., digital menu boards).



Discussion Question:

1. In what ways is McDonald's loyalty program the same or different from others?
2. Are the loyalty program offerings enough to convince customers to visit McDonald's rather than a competitor?

Redirecting the Traffic in Gas Station Convenience Stores toward More Retail Purchases

Ron Bousso, "The New Black Gold? Big Oil Bets on Retail Networks in an Electric Era," Yahoo! Finance, December 2, 2020

Use with Chapter 2, "Types of Retailers" and Chapter 8, "Retail Site Location"



When consumers stop by their local gas station to fill up their car, they usually spend more on fuel than they do on other items, such as the drinks and candy they might grab from the attached convenience store. But that description seems primed to change, especially in economies that are more actively working to limit carbon emissions from vehicles. In response, the big oil and gas corporations are signaling a shift in their focus too, toward a far more retail-oriented strategic plan.

In Europe in particular, government regulations and public opinion are pushing companies to find alternatives to conventional fuel sources. Electric vehicles are expanding in their capacities and popularity, which implies that gas stations as they exist today would undergo substantial changes. According to some estimates, oil consumption has already reached a peak and will persistently

decrease in the future. If people are not buying gas, will they still stop at their local gas station?

Companies such as BP and Shell are betting that not only will they stop, but they also will be more prepared to shop. That is, if drivers need to pause for a time to charge their electric vehicles, they will have time to kill, which they might spend browsing the offerings of a nearby convenience store. Accordingly, these companies are aggressively expanding their store and retail operations. In addition to building more stores throughout Europe, they are integrating more charging stations to existing locations. For example, Shell predicts an expansion of more than 20 percent worldwide, leading to approximately 55,000 retail locations by 2025. For BP, the plan is a 50 percent increase in the number of stores, along with a simultaneous expansion of its charging network to include 70,000 charging stations.

Even if they attract drivers with electric vehicle charging stations though, these firms need to convince them to spend money in other ways. The profits available for charging stations are substantially less than those that the companies historically have earned from gas sales. To do so, the producers-turned-retailers have expanded the offerings in their convenience stores, such as packaged foods from the U.K. grocer Marks & Spencer or deli foods touted by the celebrity chef Jaime Oliver. As a result of its ongoing efforts, profit margins earned in BP's convenience stores have increased 8 percent per year since 2015. Thus, even before the substantial shift toward retailing that is taking place today, the companies recognized the value of retail.

Furthermore, the oil companies are determined to use their vast retail operations and many consumer touchpoints to gather data that would be unavailable anywhere else. As one consultant put it, for the oil and gas industry, retail operations offer the primary link to customers, so "if you want to have insight into the future trends of mobility, energy transition, and so on," retailing is the key to get relevant data, and "customer data is the new oil."

Discussion Question:

1. What other options might companies such as BP and Shell consider to get customers to stop and shop at the convenience stores currently attached to gas stations?
2. What does it mean to say "customer data is the new oil"? Do you agree with this assessment?

Electric and Digital: Tomorrow's Car Buying Experience

Matt Ott, "Goodbye Gas: Volvo to Make Only Electric Vehicles by 2030," AP, March 2, 2021

Use with Chapter 5, "Retail Market Strategy"

The car buying experience today is much different than it was a decade ago, as consumers increasingly use their greater access to information from digital sources to shift the balance of power in negotiations. The experiences people will have about a decade from now are likely to reflect even greater changes, due to shifts in both the production and the retail distribution of vehicles.

In particular, several major car manufacturers already have announced they will no longer be producing combustion engines. For GM, the promise is that batteries will power all cars made as of 2035. Volvo recently announced an even more ambitious goal, namely, an all-electric product assortment by 2030. In interim steps, it aims for half of its sales in 2025 to be fully electric, and the other half to consist of hybrid models.



But in addition to altering the engines that drive its cars, Volvo anticipates changing how it drives consumers purchase them. Every purchase must take place online, even if a customer shows up in person with cash in hand. The dealerships, rather than serving as sales floors, will primarily function as service settings. People can still visit to learn about the different models, and perhaps the science underlying the new electric vehicles, or to take a test drive. But their ultimate purchase must take place online, which will help Volvo organize and maintain its inventory more efficiently. Some dealerships also will retain their service departments, for consumers to visit after they have made their purchases.

Such changes might be a bit overwhelming for consumers, the majority of whom still have not switched to electric or hybrid engines, despite their increasing availability and capabilities. In the United States in particular, electric cars only make up 2 percent of overall vehicle sales.

Discussion Question:

1. Are consumers likely to embrace these changes over time? Or are the changes too much for them to handle?
2. What other retail channels might Volvo use, in addition to online, to give consumers more options for buying while still ensuring efficient inventory operations?

Retail Tidbits

Canada Takes on Amazon to Promote Shopping Locally

Geneva Abdul, "A Canadian 'Buy Local' Effort Fights Amazon on its Own Turf," *The New York Times*, January 2, 2021

With their vast shipping and distribution operations, big retailers like Amazon and Walmart enjoyed increased sales throughout the COVID-19 pandemic, while small local stores, which rely far more on walk-in and in-person sales, have suffered declines. According to one estimate, one in every seven businesses in Canada is likely to terminate its operations, unable to survive the challenges of the pandemic. In response, one savvy list-maker, with a Google spreadsheet and a good memory, created a compendium, off the top of her head, of 160 local companies that offered online orders and deliveries. Then in a nod to her overriding goal, the Toronto resident purchased the domain name "Not-Amazon.ca," posted the link to her list to Instagram, and tagged a few shop owners she knew. Pretty soon, the site had half a million views, and hundreds of companies were asking to be added. Today, it features about 4000 retailers, in Toronto but also Halifax, Calgary, and Vancouver. Anecdotal evidence from the store owners frequently suggests that being on the list increases those firms' sales by around 30 percent, due to the greater exposure they gain. Such success has prompted the founder to make plans to expand into other cities, with the hope and promise that consumers truly want to buy local, not from Amazon, to support and maintain the unique shops and retail offerings that make their town or city feel like home.

Walmart Expands its Advertising to Self-Checkout Scanners

Alexandra Bruell, "Walmart Revamps Ad-Sales Business to Expand its Reach," *The Wall Street Journal*, January 28, 2021

Shoppers swiping their purchases along the self-checkout scanner at Walmart soon will encounter on-screen advertisements, alongside their tally. The goal, according to Walmart's media division, is to achieve the capability to feature ads that are personalized and specific to each shopper. If it can identify a consumer as she or he starts scanning items (e.g., by prompting them to insert their credit card before starting the transaction), it can also pull up prior purchase data and display those ads that are most likely to appeal to that specific shopper. Such personalization already is evident to Walmart's online shoppers, who receive marketing communications aligned with their shopping behaviors and prior purchases. This initiative represents the retailer's attempt to attain similar levels of personalization for shoppers in stores, ensuring strong appeals that go beyond static in-aisle signage and displays. In touting the options to brands that want to advertise with it, Walmart also proposed that the ad spending could be spread across platforms. Thus a consumer products brand might buy a package of advertising with Walmart that ensures its products will appear prominently in in-store displays, as well as on the checkout screen, and then pop up in ecommerce marketing communications a week or so later, when it is time to buy again.

Changing Consumer Packaged Goods Trends in the COVID Era

George Anderson, "Are Small Brands Eating Big Foods' Lunch?" *Retail Wire*, January 29, 2021

In the growing consumer packaged goods (CPG) market (10.3 percent bigger in 2020 compared with 2019), it is small, private-label, and independent brands that appear to be accounting for most of the expansion. Although the big, familiar, national brands might still account for 46.7 percent of the CPG sales, this percentage is substantially lower than was the case about a decade ago, and it just keeps dropping, reflecting several parallel trends. Consumers like small, local brands, and those brands have gotten better about finding and accessing shoppers through various channels. Retailers also have embraced the massive opportunities available from private-label offerings, establishing well-reputed, appealing product offerings that consumers are happy to use to replace the national brands they previously bought. Beyond these broader trends, the COVID-19 pandemic and the supply chain struggles it created for the big brands also enhanced smaller companies' opportunities. When the big CPG firms could not keep grocery stores stocked with toilet paper or detergent, consumers grabbed whatever was on the shelf, and some of them indicate no plans to switch back. The smaller CPG manufacturers generally showed more nimble responses, altering their production lines to ensure they were churning out the products that consumers needed during the pandemic and lockdown, whereas the big manufacturers, with their legacy supply chains, could not shift as quickly.