RETAILING MANAGEMENT

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Newsletter for Instructors

June **2022**

COMMENTS? CONTACT US

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Retailing Tidbits

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- **How Barnes & Noble continues to thrive**

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In a Time of Historically Low Union Membership, Workers at Amazon, Starbucks, and Apple Are Organizing

Noam Scheiber and Coral Murphy Marcos, "Union Vote Begins at Another Amazon Facility on Staten Island," The New York Times, April 25, 2022; Noam Scheiber and Kellen Browning, "Apple Store Workers in Atlanta Are the First to Formally Seek a Union," The New York Times, April 20, 2022; Jodi Kantor and Karen Weise, "Amazon vs. The Union," The New York Times, April 15, 2022; "U.S. Union Membership Falls, Despite Activism," Washington Post, January 20, 2022; Natalie Sherman, "Amazon Workers Win Battle to Form First U.S. Union," BBC News, April 2, 2022; Rachel Lerman, Greg Jaffe, and Anna Betts, "Amazon Workers Vote Against Unionization in New York," Washington Post, May 2, 2022; Lisa Fickenscher, "Amazon Union Vote in NYC Could Be Overturned: NLRB," New York Post, May 2, 2022; Karen Weise and Noam Scheiber, "Amazon Abruptly Fires Senior Managers Tied to Unionized Warehouse," The New York Times, May 6, 2022; Ted Van Green, "Majorities of Adults See Decline of Union Membership as Bad for the U.S. and Working People," Pew Research Center, February 18, 2022; Dave Jamieson, "Starbucks Workers Have Unionized More than 50 Stores in the U.S.," HuffPost, May 3, 2022; Ayana Archie, "Employees at Another Apple Store Are Unionizing, This Time in Maryland," NPR.org, May 4, 2022; Juliana Kaplan, "President Biden Says Amazon Union Organizer Christian Smalls Is His 'Kind of Trouble' and 'Let's Not Stop,'" Insider, May 11, 2022

Use with Chapter 16, "Human Resources and Managing the Store"

Forty years ago, about one in five employed Americans belonged to a union. That number declined by about half—to 10.3 percent—by 2021, per Bureau of Labor Statistics data, representing a historic low. According to Bloomberg News, union members make up just 6.1 percent of the private workforce, whereas union membership stands at 33.9 percent in the public sector.

Bucking that trend (kind of) is Amazon. On April 1, 2022, a majority of workers at a Staten Island warehouse voted to unionize, seeking to improve what they describe as unsafe working conditions. The effort followed years of grassroots activism and faced difficult odds, because Amazon has aggressively—and, until now, successfully—stifled attempts to unionize.

It's still trying to kill the Staten Island unionizing effort too. Shortly after 55 percent of the Staten Island warehouse workers voted in favor of unionizing, Amazon filed a challenge, alleging that organizers and the Amazon Labor Union "improperly suppressed and influenced the vote" and asking the National Labor Relations Board (NLRB) to order a new vote. The NLRB said in early May that Amazon's objections "could be grounds for overturning the election." While in the midst of these stifling actions, Amazon also sacked about half a dozen of the senior managers involved with the unionizing efforts—though it claims the firings were for performance reasons, not because of their ties to the union.

Then just a few weeks later, another barrier to more unionization arose: On May 2, 2022, workers at a second Amazon warehouse in Staten Island voted overwhelmingly not to unionize.

Beyond the preferences of the workers themselves, a Pew Research study from February 2022 indicates that a majority of Americans think the decline in union membership is bad for workers, and for the country. In line with these beliefs, workers at more than 50 Starbucks stores have now voted to unionize. Workers at one REI store, in New York, recently voted to unionize, too.

Employees at an Apple store in Atlanta filed a petition to unionize in April; it would be the first Apple store to unionize, if they are successful. Two other Apple stores, in New York and Maryland, quickly followed suit, with their own efforts toward unionization.

These workers and their efforts have support from the top, even if not the top of the companies for which they work. Christian Smalls, who led the successful Staten Island Amazon unionization vote, met President Joe Biden at the White House in May 2022, along with other labor leaders. "I like you, you're my kind of trouble," President Biden told him. "Amazon, here we come."

Discussion Question:

1. Are retail workers employed by other companies likely to continue trying to unionize? Why or why not?
2. Why do companies try to prevent workers from unionizing?
3. Is low union membership bad for workers? Bad for the country? Neither?

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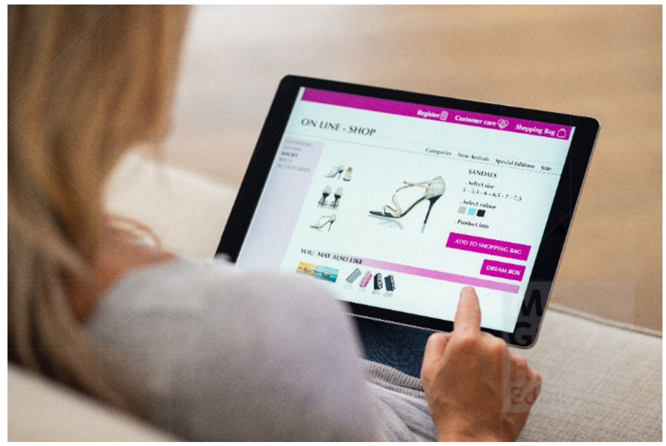
Shein On, You Crazy Successful Cut-Price Online Clothing Company

Pauline Neerman, "This Is the Largest Zara in the World," RetailDetail, April 11, 2022; "Chinese Fast-Fashion Company Shein Blows Past H&M and Zara with U.S. $100 Billion Value, Ranking It Among World's Most Valuable Start-ups," South China Morning Post, April 4, 2022; Kayla Marci, "Decoding the Ultra Fast Shein Business Model," Edited, May 3, 2022; Miriam Gottfried and Charity L. Scott, "Shein Valued at $100 Billion in Funding Round," The Wall Street Journal, April 4, 2022; Vauhini Vara, "Fast, Cheap, and Out of Control: Inside Shein's Sudden Rise," Wired, May 4, 2022; Mary Hanbury, "How China's Most Mysterious Billion-Dollar Company, Shein, Won Over U.S. Teens and Became TikTok's Most-Hyped Fashion Brand," Insider, October 5, 2021; Tom Ryan, "Why Has Shein Become a Breakout Hit With America's Teens?" RetailWire, August 3, 2021; Eva Xiao and Trefor Moss, "How Shein Became the Chinese Apparel Maker American Teens Love," The Wall Street Journal, August 2, 2021

Use with Chapter 6, "Retail Market Strategy"



Right now, the fast-fashion company Shein is selling a knot-shoulder, split-thigh, hologram slip dress for $13, and that's one of the more expensive products on the company's website. Don't wait long to buy one if you want it though; Shein puts as many as 6,000 new products up on its website every day. The inexpensive goods are produced in small batches that get ramped up, or discontinued, depending on their popularity.

If any given dress might not be a bestseller, in aggregate Shein is apparently selling a lot of these extremely cheap, of-the-moment clothes, home goods, beauty products, and pet supplies. And by a lot, we mean enough that potential investors are valuing the company at as much as $100 billion. That valuation makes the Chinese, online-only fashion retailer one of the most valuable companies in the world, worth more than H&M and Zara put together, and the world's third most valuable startup, after ByteDance, which owns TikTok, and SpaceX, which owns, well, rockets.

Shein is privately held. It was valued at $15 billion in 2020. A lot of money, to be sure, but $15 to $100 billion is quite a jump in just two years. They were not just any two years though; the 2020 valuation refers to the pre-pandemic era. The recent prediction reflects what happened for Shein during the pandemic. Even as COVID-19 was wreaking havoc for virtually everyone, it was benefitting Shein.

But why? The answer seems tied to the most valuable startup in the world: ByteDance, owner of TikTok. This platform has 1 billion users, and many of them are feasting their eyeballs on advertisements for Shein, which include celebrity come-ons from the likes of Katy Perry and Lil Nas X, as well as seemingly countless videos of influencers unboxing and trying on huge hauls of shockingly inexpensive purchases. Some of these influencers are on Shein's payroll, so their purchases are even cheaper (i.e., they're free).

Shein also offers customers loyalty promotions; the more they spend, the more they get. It all adds up to a teen base of shoppers who love Shein so much that last year it even surpassed Amazon as the most downloaded shopping app in the United States. But in addition, "We offer something for everyone at very affordable prices," George Chiao, head of Shein's U.S. operations, told Wired. "Whatever customers need, they'll be able to find it on Shein."

Of course a big company makes a big target, and Shein has its share of detractors—among them critics of its copyright infringement habits, its questionable labor practices, and the environmental cost of producing so many garments that are created for the purpose of being quickly tossed in the garbage. But it's easy to wash those concerns away when a Hello Kitty top with a trendy cutout is only $8. One enthusiastic Shein shopper epitomizes the dilemma that the retailer poses for conscious marketers: "All that stuff kind of falls to the wayside because you just get so much for your money."

Discussion Questions:

1. Why is Shein such a valuable business?
2. What are the downsides to Shein's business model?
3. If you were advising Zara or H&M, would you advise them to try to compete on Shein's terms, and if so, how?

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In-Person Shopping Is Back, Baby!

Peter Rudegeair, Charity L. Scott, and Sebastian Herrera, "The Pandemic Was Supposed to Push All Shopping Online. It Didn't," The Wall Street Journal, April 16, 2022; Thomas Hum, "'The Mall Is Not Dead' Amid Rise in Online Shopping, Retail Expert Says," Yahoo, April 14, 2022; "U.S. Retailers Opened Twice as Many Stores as They Closed," Retail Bum, March 28, 2022

Use with Chapter 2, "Types of Retailers," and Chapter 9, "Retail Site Locations"

Let's go to the mall! Or the grocery store! Or Target! Or literally anywhere that isn't in front of a computer, where we can look at, touch, and buy some things! That's what consumers are increasingly saying, and doing, according to recent reports.

In particular, in-person shopping has been rebounding since late 2021. That is, in mid-2020, at the peak of the COVID-19 lockdowns, online sales as a percentage of all U.S. retail reached 15.7 percent. But by the end of 2021, it had returned down to 12.9 percent, about where it was before the pandemic.

According to a report from the Mastercard SpendingPulse retail data analytics firm, online sales were lower in March 2022 than in March 2021, which represents the first year-over-year decline in online retail sales since November 2013. In-person retail sales, meanwhile, were up 11.2 percent.

Those numbers are (apparently) still growing, with retailers anticipating even better days to come. Seventeen percent more people visited indoor malls in March 2022 than the year before. Even more visited open-air lifestyle centers and outlets. In 2021, for the first time in four years, retailers opened more physical stores than they closed.

These trends might be great news for retailers, but what they really need is a clear sense of why consumers are back at the store, picking out their own broccoli, instead of just clicking for home delivery, like they have been doing for the last couple of years. Anecdotal evidence suggests that many shoppers simply like what they get more, because they have selected it themselves. Plus, analysts observe, after being at home for so long, for many people, it feels good to just go out and interact with the world, whether in stores, malls, airplanes, or restaurants, just as long as it is somewhere different.

But a list of the retail chains undergoing the greatest expansions—Dollar General, Five Below, Off-Price, Citi Trends, and Costco—also suggests another reason. Considering that Dollar General opened 2,160 new stores in 2021 and planned for more in 2022, and Costco announced its plans to expand by about 60 stores, it appears that for some shoppers, the goal is less the interaction and more the deal. In uncertain economic times, discount retailers still may offer the best options to customers looking to stretch every penny, rather than pay for the convenience of at-home deliveries or be forced to spend more to get free shipping.

Discussion Questions:

1. Why are shoppers returning to brick-and-mortar stores?
2. Do you think that the majority shoppers will make their purchases online, in person, or some combination of the two in the years ahead?
3. Which types of products lend themselves more to in-person shopping, and which are better bought online?

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The Company Formerly Known as Facebook Just Opened a Physical Store

Mike Isaac, "Meta Plans to Open its First Retail Store as It Highlights Metaverse-Related Products," The New York Times, April 25, 2022; Dan Gentile, "Meta's First-Ever Retail Store Just Opened in the Bay Area. Here's What It's Like," SFGATE, May 9, 2022; James Martin, "Inside Meta's New Retail Store," CNET, May 6, 2022; Jessica Goodman, "Facebook's Meta Opens First Tech-Based Retail Store in California," KIRO 7, May 10, 2022; Salvador Rodriguez, "Facebook Portal Go Review: A Great Portable Video Calling Screen Marred by the Company's Privacy and Trust Issues," CNBC, October 19, 2021; Shamani Joshi, "The Metaverse, Explained for People Who Still Don't Get It," Vice, March 15, 2022; "Metaverse Market Worth $426.9 Billion by 2027 - Exclusive Report by MarketsandMarkets™," PRNewswire, May 11, 2022

Use with Chapter 6, "Retail Market Strategy"

Feel like Facebook just isn't taking up quite enough of your time anymore? It agrees. The company now known as Meta wants to drag you off your computer and into a brick-and-mortar store—where it will then stick you back online and into the metaverse.

On May 9, 2022, Meta opened its first retail store on the company's campus in Burlingame, Calif. There, customers can get their hands—and eyes, and brains—on products like the Quest 2 virtual-reality headset (boasting excellent reviews); the Portal video calling device (known for its portability and privacy concerns); and the Ray-Ban Stories smart sunglasses, which Ray-Ban describes on its website as follows: "Our smart eyeglasses and smart sunglasses, with camera and audio, combine legendary Meta technology and iconic Ray-Ban style. With Ray-Ban X Meta glasses you can take photos and videos, listen to music and calls, and share content directly to your social media channels."

The new store, open Monday through Friday from 11:00 a.m. until 6:00 p.m., fits in with Meta's overall strategy, which fundamentally is to get more consumers more involved with the metaverse—which by one recent forecast, could be worth as much as $426.9 billion by 2027.

The company changed its name from Facebook to Meta in November 2021, as part of its whole-hog investment in the metaverse, even as many people still struggle to really understand what the metaverse means, precisely. A simplified definition notes that the metaverse is essentially an amplified and more immersive version of the online life users currently know, with more ways (e.g., smart glasses, virtual reality headsets) to engage more fully in the digital world and to merge it with their real-world selves. Even with this general sense though, the metaverse remains abstract and confusing. With the new Meta retail store, the company thus hopes to demystify the metaverse, by making it more concrete for, appealing to, and buyable by potential customers, reflecting the belief that "The best way to understand virtual reality is to experience it," according to Mark Zuckerberg, Facebook's co-founder and the CEO of Meta. In other words, Meta wants to make the metaverse less virtual and more real.

As customers increasingly try and adopt new gadgets and learn how it feels to spend even more time in different digital worlds, they are likely to develop their own unique preferences, potentially dissimilar to what companies expect or hope for. So another reason that Meta opened this store is to gain insights into what consumers actually like, or don't, which in turn will help guide its business.

Thus, virtual reality informs real-world retail practices, which redefine the next iteration of the virtual reality. This infinite real-life-virtual-reality feedback loop is also, we believe, part of the metaverse. Does that make it clearer?

Discussion Questions:

1. Why did Meta open a physical store?
2. How do you use the metaverse now, and how can you see using it in the future?
3. What would you advise a company to do, if it were trying to make the metaverse more understandable and appealing to customers?

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Panera Sets a Bold, if Far-Off, Goal: Be 'Climate Positive' by 2050

David Gelles, "How Panera Bread Navigated Covid, the Labor Market, Inflation and More," The New York Times, April 15, 2022; Heather Lalley, "Panera Makes a Bold Climate-Change Pledge," Restaurant Business, October 20, 2021; "Panera Bread Announces its Goal to Become Climate Positive by 2050," panerabread.com, October 20, 2021; "Fast Food Giants Ramp Up Climate Commitments Under Pressure From Investors In 'Breakthrough Year,'" ceres.org, April 30, 2021; Hilary Russ, "McDonald's Targets Net Zero Emissions by 2050, From Meat to Energy," Reuters, October 5, 2021; "McDonald's Accelerating Climate Action to Reach Net Zero Emissions by 2050," corporate.mcdonalds.com, October 4, 2021; Heather Lalley, "Panera to Start Labeling Foods with Low Carbon Footprints," Restaurant Business, October 13, 2020; Anna Ringstrom, "Ikea's Climate Footprint Shrinks from Pre-Pandemic Level Despite Record Sales," Reuters, January 18, 2022; Joseph Winters, "Beyond Greenwashing: How Chain Restaurants Could Actually Address Their Climate Pollution," Grist, January 4, 2022

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

Last October, McDonald's announced a bold ambition: to reduce its greenhouse gas emissions by 36 percent by 2030 and to reach net zero emissions by 2050. In so doing, it claimed to be leading on "issues that matter most in communities—and there is no issue more urgent globally and of impact locally than protecting our planet for generations to come."

Well just hold my Madagascar Vanilla Cream Cold Brew, said Panera, which came out with its own climate announcement just two weeks later. In it, Panera did not stop at committing to reducing emissions to zero. Instead, it set a new standard, by promising to become "climate positive" by 2050, such that it would remove more carbon from the atmosphere than it produces.

On its way to this remarkably ambitious end post, Panera has set several benchmark goals, including some to reach by 2025, not even three years away. The 2025 goals include transitioning to 100 percent reusable, recyclable, and compostable packaging; using renewable electricity for at least 50 percent of Panera Bread–owned operations; and increasing the percentage of "Cool Food Meals" to 60 percent of dishes. Cool Food Meals are those Panera designates as low-carbon options, like the Mediterranean bowl with chicken, a strawberry poppy seed salad, and broccoli cheddar soup.

Despite the assertion by Panera's CEO Niren Chaudhary that "it's time all corporate leaders and companies embrace [a sustainability] mind-set, and many are. That's how we start making meaningful progress," there's not much progress yet. Other retail outfits like IKEA have set goal dates for when they plan to become climate positive—which also is achieving record sales numbers while moving toward those goals. But Panera lacks a lot of company (or competition) among its restaurant peers. Thus McDonald's, with its more modest climate goals, often stands accused of greenwashing, for taking what some environmental advocates regard as essentially meaningless actions, while failing to address the largest sources of emissions, like the cows that get turned into burgers.

For Panera, taking the lead and laying down the gauntlet is precisely they goal. By doing so, it can set an urgent, distinctive example and potentially sustainable competitive advantage.

Discussion Questions:

1. Why might a company aim to become "climate positive"?
2. What is greenwashing in the restaurant industry? Is it a problem for companies to engage in this practice?
3. Do you think other restaurant chains will follow the path Panera is taking?

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Birkenstock Makes Comfortable Shoes, Uncomfortable Business Demands

Suzanne Kapner, "Birkenstock Pressures Retailers to Stop Selling Copycat Sandals," The Wall Street Journal, April 4, 2022; Meg Richardson, "Birkenstock Demands Retailers Boycott Copycats," SoFi, April 5, 2022; Katharine K. Zarrella, "What's With the Birkenstock Craze? It's Not Just About Comfort," The Wall Street Journal, August 6, 2021; "Company History," birkenstock-group.com; Shannon Adducci, "How Phoebe Philo Defined the 'Ugly' Shoe at Céline," Footwear News, January 15, 2018; Shelby Ying Hyde, "Here's How to Secure Manolo Blahnik's New Birkenstock Collaboration," Harper's Bazaar, March 24, 2022; Cathy Horyn, "Céline Keeps the Paris Winners Coming," The New York Times, September 30, 2012; Maureen O'Connor, "Kanye Bought Miley Five Pairs of These Fur Céline Slippers," The Cut, September 25, 2013; "Celine's Furkenstock's Debuted at the Paris Fashion Week," Trendhunter, October 13, 2012

Use with Chapter 13, "Buying Merchandise"

Birkenstock is trying to be your favorite summer sandal, even if it has to shove all the other sandal-makers out of the way to do so.

The German company, founded in 1774, has gone in and out of fashion over the 250 years of its existence. The most recent surge in popularity began a decade ago when Phoebe Philo, then top designer at Celine and doyenne of the so-called "ugly shoe movement," sent a pair of fur-lined Birkenstock-like sandals down her runway.

Birkenstocks, known for their comfortable cork footbeds and general lack of sex appeal, quickly became a hot ticket item among the fashionable, and then among everyone else as well. Birkenstock doesn't release sales figures, but it certainly appears to have been a darn good 10 years for the company—which has launched new models, new colors, and new collaborations with other hot brands and designers, including very fancy entities like Manolo Blahnik, whose shoes are known for their high heels and a general surplus of sex appeal. That collaboration, which came out in 2022, features cork clogs and sandals swathed in velvet and festooned with sparkling crystal buckles. At the time of writing, some models had sold out, but a clog, available in bright fuchsia or blue velvet, was still available for $750 on the Birkenstock website. Birkenstock sandals are usually closer to about $130 per pair.

While Birkenstock continues to spread its seemingly very profitable wings, it also is trying to prevent others from grabbing much of the ugly shoe business for themselves. Reports indicate that Birkenstock is strong-arming retailers into dropping its competitors from their assortments. An email from the company's New England sales representative, sent in 2020, warned retailers against carrying sandals that "piggyback" or "feed off of" Birkenstock's successful designs. "It is your choice and your choice alone whom you do business with," the email said. "It is my job to communicate to you that we will only move forward in 2021 with those retail partners who value our partnership."

Sounds like a suggestion that would be hard to refuse! Some retailers, like Nordstrom and Zappos, have since dropped sandals from companies like Viking, Naot, and Mephisto—leading Mephisto USA's chief executive Rusty Hall to call out such "competitive bullying" and lodge a sincere protest, noting that some of the sandal models in question have been sold by Mephisto for decades. But according to one intellectual property lawyer, Birkenstock might not have much of a legal claim against competitors, so flexing its muscle and issuing threats may represent its best option for preventing other sandal companies from riding its cork-lined coattails.

Birkenstock also took its ball and went home rather than play with Amazon, due to what it says is the site's unwillingness to take "decisive enough action against product counterfeiting and other trademark infringements." The company stopped selling directly on Amazon in 2016, and as of August 2022, it will prohibit third-party retailers from offering Birkenstocks on the Amazon marketplace.

Two more points are worth bearing in mind: Fashion tends to come and go in 10-year cycles, and it has been just about exactly 10 years since that fateful Celine show. In addition, the sandals featured in that watershed show were not, in fact, Birkenstocks. They were described in many publications as "furry Birkenstock-style sandals"—later known by some as "Furkenstocks"—and sold for $950 a pair. Kanye gave Miley Cyrus five pairs of them way back in 2013, per reliable sources.

Discussion Questions:

1. Should Birkenstock try to prevent retailers from selling products from its competitors? If so, what is its best way to do that?
2. If you were advising a rival comfort shoe company, how would you advise it to proceed, to maintain and even build its market in the face of Birkenstock's aggressive approach?
3. Will ugly shoes be dominant for much longer, or is it time for the next trend?

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Dollar General Employee Goes Viral on TikTok, Gets Fired, Starts a Movement

Michael Corkery, "How a Dollar General Employee Went Viral On TikTok," The New York Times, April 18, 2022; Adam Sabes, "Florida Woman Says Dollar General Fired Her over Viral TikTok Videos," Fox Business, April 24, 2022; Dave Jamieson, "Senator Hammers Dollar General, Dollar Tree Over 'Shameful Labor Practices,'" HuffPost, April 22, 2022

Use with Chapter 16, "Human Resources and Managing the Store"

Mary Gundel was a celebrated Dollar General manager, at a store near Tampa. She'd received a letter from headquarters telling her she was a top-performing employee. But Gundel saw some room for improvement, even if in ways that required efforts at the top. That is, corporate headquarters had cut employee hours, and now her store was understaffed. Subsequently, customers complained about the store being unclean. The situation even felt unsafe. In Gundel's words:

I open the store at 8 a.m., and I basically had to run the entire store. I had to check in and out customers, I had to do my paperwork, I had to check in vendors, I had to check in a mystery truck that just showed up out of nowhere. I had no help, I don't have enough hours given to me for me to actually be a manager within the business. And that's a big safety concern within the company.

But when requests for more help were stymied by Dollar General management, Gundel decided to share her observations and concerns with a much wider audience: TikTok's 1 billion users. She put up a half-dozen videos called "Retail Store Manager Life." She coined the hashtag #putinaticket, a nod to the futile corporate mechanism for reporting problems. Gundel's videos went viral; one of them attracted nearly 2 million views. They also inspired other employees to create their own videos, presenting their own stores and listing their concerns.

The videos had another effect too: They also got her fired, about a week after she posted the first video. Gundel acknowledged that she knew making the videos carried some risk and could get her in trouble. But for many viewers, that kind of trouble is what the late Rep. John Lewis would have called "good trouble."

Gundel no longer brings home the $51,000 annual salary she'd earned as a store manager, but her time is filled with other activities, including organizing a "movement" of overworked, disrespected workers. She also has called for Dollar General employees to unionize. From this social media platform, she has shone a light on other workers and their desperate need for improved working conditions.

Among the videos inspired by her effort was one by a Dollar General shopper, who thanked Gundel for her advocacy and credited her with a cleaner store: "Thank you, Mary, for going viral and holding your ground and standing up to corporate and losing your job, because it wasn't done in vain," the woman reports. Sweeping the camera around, she notes, "I'm proud to go into a Dollar General now, because look at it. Look at it."

Beyond causal viewers and consumers, Gundel's videos have attracted the attention of Senator Patty Murray, D. Wash. Senator Murray also chairs the U.S. Senate Committee on Health, Education, Labor and Pensions, in which role she has initiated an inquiry into employment practices at Dollar General, as well as Dollar Tree. In a letter to Dollar General, Murray noted that the discount chain has achieved record growth and profits, while cutting budgets for store operations and earning multiple worker safety violation citations. Cuttingly, she alleged, "While Dollar General's employees struggle to make ends meet, your own compensation as CEO was a staggering 986 times greater than the median employee's annual earnings."

Gundel might have sparked something of a revolution, with the potential for long-term change. But her rationale is less grandiose: "Everyone has their breaking point," she said. "You can only feel unappreciated for so long."

Discussion Questions:

1. Do you think Mary Gundel's TikTok videos will have a positive impact on workplaces?
2. How should Dollar General respond, if employees post TikTok videos complaining about conditions at their stores? What is the right way to respond to ensure employee satisfaction. What about if the goal is better public relations?
3. Should companies fire workers who post videos complaining about working conditions?

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The (Perceived) Need for Speed Prompts Instacart to Offer Rapid Delivery Option

Tom Ryan, "Is Timing More Important than Speed for Grocery Delivery?" RetailWire, April 28, 2022; Laura Forman, "Rapid Delivery Gets Some Insta-Validation," The Wall Street Journal, March 24, 2022; Kellen Browning and Erin Griffith, "Instacart Searches for a Direction as its Pandemic Boom Fades," The New York Times, April 29, 2022; "Instacart Appoints Board Member Fidji Simo to Chief Executive Officer and Announces Founder and Current CEO Apoorva Mehta Will Serve as Executive Chairman of the Board," PR Newswire, July 8, 2021; Erin Woo, "Gopuff Does Deliveries in 30 Minutes or Less. It's Also Buying Time for Itself," The New York Times, April 14, 2022; Jackie Davalos, "Instacart CEO Courts Investors, Skeptical Grocers Ahead of IPO," Yahoo, May 12, 2022; Laura Forman, "Instacart Wants to Be an Influencer in Food Delivery," The Wall Street Journal, July 14, 2021

Use with Chapter 2, "Types of Retailers"

Feel like Instacart isn't insta enough? The company is looking to change that, with a new rapid delivery option in the works that it hopes will also rapidly deliver profits, in a time that Instacart is trying to prove itself as still relevant in a (sort of) post–COVID-19 shopping landscape.

The grocery delivery startup thrived during the pandemic, reaching revenues of $1.5 billion when so many Americans were avoiding shopping in public. But by late spring of 2021, its momentum had faded away, and its sales dropped sharply. Whereas it had announced hopeful intentions to go public, those plans grew a little dimmer and less certain. The founder and then-CEO of the company even attempted to sell Instacart to Uber and DoorDash, though no avail.

When a board member came in to take on the position of CEO, she faced the same significant challenges as her predecessor, along with some added upheaval among top executives and competition from new grocery delivery startups like Gopuff, which promises delivery in half an hour. But Instacart was determined to persist. It reduced its own valuation by 40 percent in March, from $39 billion to $24 billion. Then in May, it filed documents with the Securities and Exchange Commission to start the process of going public.

To support these strategic growth ideas, Instacart needed a hook. For example, lightning-quick delivery is one of a series of new strategies designed to help make Instacart seem still-relevant and appealing to investors; others include advertising, fulfillment services, and other tech.

The company's move into ultra-rapid delivery is initially being launched in two cities, Miami and Atlanta. The goal is 15-minute delivery from warehouses owned by Instacart. This logistical plan differs from Instacart's conventional model, which has shoppers pick out goods at the actual store and delivering them, whenever they can. Instacart does not want to take ownership of all the goods at its warehouses, but it plans to "work to be flexible with retailers," to accommodate their preferences, grant them access to its warehouse spaces, and potentially co-locate warehouse efforts, such as in existing bricks-and-mortar locations.

This strategy might not be ideal though. Even as Instacart pins its hopes on being fast, a recent study cautions that customers want to have a say over when their groceries are delivered, not for the food to be delivered as quickly as possible. In this sense, rather than only prioritize speed, retail delivery provides need to combine and balance the demand for speed with the benefits of precision and flexibility. One promising application of analytics, for example, might allow retailers to gauge customers' revealed preferences, such that they can establish delivery times that resonate with those preferences but also ensure the most efficient operations for themselves.

Discussion Questions:

1. Why is Instacart launching a new quick-delivery service?
2. Will customers and investors continue to be interested in grocery delivery, once COVID-19 no longer seems like a threat?
3. How else can Instacart appeal to customers and investors?

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Retailing Tidbits

Will JC Penny be able to Lure back Customers?

Suzanne Kapner, "JCPenney's CEO Is Done Chasing New Customers. 'We Are Loving Those Who Love Us.'," The Wall Street Journal, April 1, 2022; Khristopher J. Brooks, "J.C. Penney Has New Owners in Bankruptcy Deal that Saves 60,000 Jobs," CBS News, November 10, 2020; Chris Isidore, "As JCPenney Exits Bankruptcy, its Long-Term Outlook Remains Grim," CNN Business, November 30, 2020

Love the one you're with, and when that doesn't work … try to make the one who was once with you fall back in love? That complex approach appears to be the marketing philosophy adopted by JCPenney's new chief executive, Marc Rosen. Previous JCPenney leaders tried to bring in new customers—younger ones, hipper ones—with little success, while also losing the retailer's regulars in the process. The company filed for bankruptcy just about two years ago—and when it emerged, with a new owner and a plan to cut debt and shutter stores, some experts remained skeptical about the company's future. Where some see dim prospects though, Rosen sees opportunity in luring budget-conscious shoppers back to the 120-year-old retailer and keeping them there by expanding its assortments of the types of goods that these shoppers are interested in and seek out. To that end, JCPenney will be enhancing its digital presence, adding more beauty products in a wider range of skin tones, and expanding its roster of affordable home goods, clothes, kitchenware, skincare, and more. The project is not necessarily easy, thanks to inertia, inflation, supply chain disruptions, and more. But Rosen feels confident that the customers who loved JCPenney once will be back and ready to buy the full range of goods on offer. "The biggest difference this time is we are loving those who love us," he explained. "We need to give them more opportunity to come back and find things they love."

How Barnes & Noble continues to thrive

Elizabeth A. Harris, "How Barnes & Noble Went from Villain to Hero," The New York Times, April 15, 2022; Yuki Noguchi, "Why Borders Failed While Barnes & Noble Survived," NPR, July 19, 2011; Lisa Fickenscher, "The Pandemic Has Sparked a Book Craze—And Barnes & Noble Is Cashing In," New York Post, September 19, 2021; Jim Milliot, "Print Sales Likely to Fall in 2022," Publishers Weekly, January 28, 2022

In the 1998 movie You've Got Mail, Tom Hanks plays the owner of a big-box bookstore, threatening to put Meg Ryan's indie book seller out of business. At the time, book behemoths like Borders and Barnes & Noble were seen as the enemy of the littles—and perhaps of reading more broadly. But a lot has changed. Borders went under a decade ago, whereas Barnes & Noble instead has emerged as essential for readers and an unlikely ally to independent bookstores today. Its role is unique, in that its demands require publishers to continue investing in physical products for physical stores. It also gives readers easy and wide access to new titles. These two benefits are critical in the face of disruption by online retail (read: Amazon!). Accordingly, even if it may seem surprising, Barnes & Noble is thriving in the face of the pandemic years and the constant threat from Amazon. Book sales shot up by an unprecedented amount during the pandemic, which meant good numbers for Barnes & Noble. Furthermore, after James Daunt became the company's chief executive in 2018, he empowered store managers to make more independent decisions tailored to local conditions, like how many copies of a certain book to order and which books to promote. Despite these positive assessments though, industry analysts remain cautious. As the pandemic ebbs, tougher days may lie ahead for books sellers, in part because people who are no longer forced to remain sheltering home might read less, but also due to the same challenges that are pressing every industry today, like rising costs and supply chain disarray. Even if overall book sales are unlikely to grow though, customer traffic may increase in brick-and-mortar bookstores. So even in this strange economic time—with one more nod to You've Got Mail—all the bookstores are not becoming Baby Gaps just yet.

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