RETAILING MANAGEMENT

11E

Newsletter for Instructors

April - May
2023

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How this DTC Beauty Company Got HUGE

Use with Chapter 2, “Types of Retailing”


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MyGlamm might be the biggest beauty company you've never heard of (if you don't shop in India). The company was founded in 2017 as a direct-to-consumer (DTC) brand, such that it eschewed selling its products on Amazon or other third-party platforms, in preference for sales through its own website.

"We believed that to own the customer, the transaction needs to happen on our own platform," MyGlamm founder Darpan Sanghvi told *Forbes India*. But the challenge that MyGlamm faced was getting consumers to actually *go* to its website. By the end of 2019, Sanghvi said, they were spending some half a million dollars to acquire 30,000 customers per month.

Sanghvi began solving this problem by acquiring Popxo, a digital content platform for millennial women, and Plixxo, an influencer marketing platform, with the plan of building a content-to-commerce conglomerate. Within six months, monthly active users on the website had doubled from 30,000 to 60,000. A year later, traffic was up to 350,000 users per month. MyGlamm then acquired the parenting platform and community BabyChakra, and its community of 20 million mothers, along with a digital media platform aimed at men called ScoopWhoop; an entertainment new-media network called MissMalini Entertainment; and a majority stake in Organic Harvest, a skin care and hair care brand.

As of last year, Sanghvi said the community had grown to 1.5 million influencers and 4.5 billion monthly online impressions. And they're not stopping there: In November, the company announced it would be partnering with the uber-popular reality TV show *Bigg Boss* for its 16th season.

This business model has, at least by some metrics, proved a success. In November 2021, Glamm announced a $150 million Series D funding round. Shortly before, the company had secured a Series C funding of $71.3 million, including investments from Amazon. The company was valued at $1.2 billion, making it a "unicorn"—a privately held startup valued at over $1 billion.

Recently, news has come out that Glamm is operating at a loss, largely due to expenses associated with its constant acquisition habits. Yet reportedly, such concerns have not prompted any changes in Glamm's strategy—in fact, the company plans to make even more acquisitions still.

Discussion Questions:

1. Could this business model work for other beauty companies, or companies in other industries?
2. Would you invest in Glamm?
3. What are other efficient and effective ways to bring customers to a startup's website, outside of acquiring popular content platforms?

Sources: Jeena Sharma, "How India’s MyGlamm Found DTC Success," *Retail Brew*, March 25, 2022; Sukhleen Aneja, "With the Bigg Boss Pact, MyGlamm Wants to Democratise Beauty," *40Gully*, November 8, 2022; Manish Singh, "Amazon-Backed Indian D2C Beauty Brand MyGlamm Raises $71 Million," *TechCrunch*, July 26, 2021; Kelly Kovack, "MyGlamm Earmarks $100 Million to Acquire Six Beauty Brands," *Beauty Matter*, October 6, 2021; Naini Thaker, "How the Good Glamm Group Is Building a Content-to-Commerce Behemoth," *Forbes India*, July 14, 2022; Malvika Maloo, "Good Glamm Group’s Losses Grow Due to Rising Acquisition Costs," *VCCircle*, November 11, 2022; Emma Sandler, "Indian Beauty Conglomerate Good Glamm Group Enters Unicorn Club with $1.2 Valuation," *Glossy*, November 10, 2021

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Despite Limited Budgets, Consumers are Buying *a Lot* of Luxury Goods

Use with Chapter 5, “Customer Buying Behavior”

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Yeah, yeah, yeah—inflation. So your food budget is completely out of control, and who knows when you'll be able to buy a house or a car, or much of anything else, thanks to economic uncertainty, inflation, and rising interest rates.

But some consumers have had enough of scrimping—at least, they've had enough of scrimping for *everything*. They seemingly are embracing a novel shopping trend, labeled the "split-brain budget": While feeling as if they are constantly shopping around for the cheapest staples, consumers also are finding some reserves to spend on luxury travel or a really nice pair of pants.

Kelly Taylor, a Los Angeles resident, explained that even though her rent had increased, forcing her to cut out unnecessary purchases to get her credit card debt under control, she decided to take a trip to Cabo San Lucas, Mexico, while wearing a new top from Versace. “I have to live,” she noted.

The most recent Bain-Altagamma Luxury Goods Worldwide Market Study puts numbers to these trends. It shows that despite all the reasons the current market should spell bad news for super-expensive products, the global luxury goods market actually expanded in 2022—and is posed to grow again in 2023, and then to keep growing through at least the end of the decade. Luxury cars had their best year ever in 2022. Fine wines and spirits, gourmet food and fine dining, high-end furniture and housewares, fine art, and private jets and yachts are also selling well. The only sectors of the luxury market that have not met or exceeded pre-pandemic levels are luxury hospitality and cruises.

This surge in spending is in part because more customers are willing to spend a lot on fancy things—Bain finds that the luxury market consumer base is expected to grow from 400 million people in 2022 to 500 million by 2030—and also because the shares of so-called "top customers" is also growing. These are shoppers ready to spend, and spend some more, on the most unique products and services. And how! In 2022, Bain finds, shoppers spent about $385.5 billion on luxury goods and services. By 2030, that figure is expected to grow to as much as $633 billion. For perspective: That's just barely less than 20 times the annual gross domestic product of the entire state of Vermont.

Thank the young. Millennials and Gen Y accounted for nearly all the growth in the luxury market in 2022. Gen Z and Generation Alpha—have you even heard of this generation yet? They're just younger than Gen Z—are nipping at their elders' heels. The younger generations are dipping their toes into shopping for fine things years earlier in their lives than older generations had done.

Finally, it has just been a sad and scary few years. Sometimes, buying something beautiful can offer a little sense of control, and a little sense of hope. “I get to put that luxury item on and remember life is going to be OK," explained another consumer.

Discussion Questions:

1. Why is the luxury market growing?
2. If you were advising a luxury clothing company, what would you tell it to do to attract more customers right now?
3. Do you agree that the luxury market is likely to continue expanding through the rest of the decade?

Sources: Rachel Wolfe, "Consumers Tired of Inflation Scrimp—and Splurge," *The Wall Street Journal*, January 24, 2023; Florine Eppe Beauloye, "The Future of Luxury: 7 Trends to Stay Ahead in 2023," *Luxe Digital*, January 10, 2023; Claudia D'Arpizio, Federica Levato, Filippo Prete, and Joëlle de Montgolfier, "Renaissance in Uncertainty: Luxury Builds on Its Rebound," *bain.com*, January 17, 2023

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Supermarkets Know You Want Cheap Food

Use with Chapter 5, "Consumer Buying Behavior" and Chapter 12 “Managing the Merchandise Planning Process”

iStock.com/RapidEye

Groceries have gotten *expensive*. As of March 2023, food prices were up 8.5 percent compared with a year earlier, per the U.S. Bureau of Labor Statistics' April 12 consumer price index report. That's actually down a bit from the previous month—hey, finally some good news!—but individual items are still pricier than they were a year ago. That includes eggs, which are up 36 percent, and frozen veggies, which are up 20.1 percent. Even cookies are looking like a terrific splurge these days, having increased in price by 16.6 percent.

Families are feeling the pinch, and changing their shopping habits. Accordingly, sales of private-label products—in-house brands that are typically cheaper than their brand name alternatives—have surged in response to inflation. Kroger, as one example, experienced a 10 percent increase in its private-label sales compared with the previous year. Walmart, too, is seeing more interest in its own brands, such that “We’ve seen some customers this year trade into private brands more than they did in previous years,” Walmart's U.S. President John Furner said on a November earnings call.

In response, many retailers are expanding their private-label offerings. According to a food industry trade group survey, more than 80 percent of respondents have plans to increase their investments in private-label brands over the next two years. It probably doesn't hurt that these products tend to be more profitable for retailers than the brand name alternatives.

Consumers aren't just buying private-label items at their usual grocery stores—they're also changing where they shop, in pursuit of more affordable food. Dollar stores have become the fastest growing food retailers by household expenditure share, according to a recent survey of 50,000 households, put out by the Friedman School of Nutrition Science and Policy at Tufts University. The growth is most pronounced in rural parts of the United States, with the household expenditure share increasing by 102.9 percent between 2008 to 2020. Yes, 2020—this survey measured shopping patterns from 2008 to 2020, but there's no suggestion in the literature or anecdotally that dollar stores have gotten less popular since inflation in food prices became so rampant.

The Tufts researchers express concern that the dollar store shoppers, who tend to have lower incomes and/or be people of color, may be stuck with unhealthier items like chips and soda instead of fruits and vegetables. The good news: Dollar stores across the country are expanding their grocery sections, adding eggs, milk, cheese, and fresh and frozen produce. It's not happening everywhere all at once, quite yet, but more and more dollar stores are offering more and more types of food to budget-conscious shoppers.

Discussion Questions:

1. Are shoppers likely to maintain these new shopping habits, if and when inflation eases?
2. What else can grocery stores do to encourage budget-conscious shoppers' spending?
3. What can be done to ensure people in rural communities, low income families, and people of color have access to healthy foods like vegetables and eggs?

Sources: Trefor Moss, "Supermarkets Offer More Store Brands to Lure Cost-Conscious Shoppers," *The Wall Street Journal*, December 14, 2022; Sarah Michals and Chris Jones, "Dollar Stores Are the Fastest-Growing Food Retailers, New Study Finds," *WXYZ*, January 26, 2023; Nik Popli and Solcyre Burga, "Here's Why Grocery Store Prices Are so High Right Now," *Time*, January 28, 2023; Anna Helhoski, "The Cost of Groceries: Are Food Prices Going Up?" *NerdWallet*, April 12, 2023; Sarah Messer, Becky Worley, and Kelly McCarthy, "How Dollar Store Grocery Options Stack up to Traditional Stores," *Good Morning America*, March 7, 2022

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J. Crew Is Now Offering Secondhand Clothing

Use with Chapter 6, “Retail Market Strategy” and Chapter 12, “Managing the Merchandise Planning Process”


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What is the opposite of fast fashion? Secondhand clothing is the hot new thing for retailers. In December, the National Retail Federation's annual conference presented vintage clothing as an opportunity for growth and strength in an industry that could use some good news.

While no one can say for sure just how much growth and strength, the financial services firm Morningstar estimates the used clothing market could hit $300 billion by 2031, “for two reasons. One, resale is good for the planet. And also hopefully, it’s going to be good for business as well," explained Brian Ehrig, a partner at consultancy Kearney, during an NRF conference panel.

That's the bet J. Crew is making. The 40-year-old brand recently launched J. Crew Always, a secondhand market for used and vintage styles. Pre-owned duds can be bought and sold on the J. Crew website and through the consignment platform ThreadUp. A selection of vintage items from the 1980s and 1990s—an era that some people consider the heyday of J. Crew—will also be sold at two J. Crew stores in New York City, both in tony locations (Fifth Avenue and a recently redesigned men's store in the Bowery).

"Resale is still quite small for us, but ultimately the goal is to grow a circular business where you can extend the life of a product and it's profitable and it does really well," Liz Hershfield, senior vice president & head of sustainability for J. Crew Group, said at the National Retail Federation's December conference.

Discussion Questions:

1. Why are retailers getting into selling secondhand goods?
2. Do you think this part of the market will keep growing, even if the economy gets (or at least feels) more stable?
3. What advice would you give to J. Crew, about how to make J. Crew Always successful?

Sources: Reuters, "J. Crew Brand Launches Resale Program, to Offer Vintage Styles," *U.S. News*, January 17, 2023; Daphne Howland, "J. Crew Embraces Resale," *Retail Dive*, January 18, 2023; Jake Silbert, "Inside the Gorgeous New Digs of Brendon Babenzien's J.Crew Collection," *Highsnobiety*, September 19, 2022; Daphne Howland, "Resale Dominates National Retail Federation’s ‘Big Show,’" *Retail Dive*, January 19, 2023

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Some Nonprofits Are Frowning Now: The End of the AmazonSmile Initiative

Use with Chapter 7, "Financial Strategy" & Chapter 11, "Customer Relationship Management"

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Passive charity initiatives are easy and appealing to consumers. Simply by buying a particular product or visiting a restaurant on a particular night or shopping through a specific web link, they can support the causes they care about, because the companies commit to making contributions in return for their patronage. One of the largest such programs, over the past decade or so, has involved one of the largest retailers, namely, Amazon. Shoppers who made a point of visiting "smile.amazon.com" could select their preferred charity, which would receive .05 percent of the cost of their purchases from Amazon.

For customers, it was an easy way to feel better about their purchases; for the nonprofit beneficiaries, especially small ones, the program often made a notable difference in operating budgets. That is, for tiny charity groups, operating on shoestring budgets, even a few hundred extra dollars each year can make a big difference. And for Amazon, the Smile program seemingly provided benefits in the form of an improved brand reputation and an example the firm could point to when claiming its corporate responsibility bona fides.

But those reputation benefits evidently were insufficient for Amazon to find it worthwhile to continue the program. In announcing the end of AmazonSmile, the company noted that, having signed up more than 1 million nonprofits eligible to receive contributions, the impacts that any individual group received seemed too minor. Instead, it highlighted more substantive contributions it made at the same time, such as to local food banks, disaster relief efforts, and educational programs.

Those larger initiatives certainly feature some impressive numbers. For example, Amazon notes that by donating more than $2 billion to affordable housing initiatives, it has aided in the completion of approximately 14,000 affordable houses. But for small nonprofit organizations, such contributions are largely out of reach, especially if they focus in other domains (e.g., animal rescue, environmental protection). By moving money away from a lot of small groups, and toward fewer and larger actors, Amazon believes it can have a greater positive effect. The small groups might disagree.

For consumers, the switch also seemingly came as an unpleasant surprise. It takes away an ethical justification they might have used to "excuse" their continued patronage of Amazon, even if their ethics tell them they should be shopping small and avoiding the environmental costs of shipping products. Furthermore, the shift takes away their choice of which charity organization to support. Buying cleaning supplies no longer means a contribution to their local school's art fund, for example.

Finally, some critics have called foul on the move, alleging that rather than shifting its contributions, Amazon is really just trying to keep more profits for itself. Yet the company consistently gives more than 1 percent of its pre-tax profits to charity, a level that often gets used as a threshold to define a good corporate citizen.

Discussion Questions:

1. What reasons did Amazon give for ending the AmazonSmile program? What other reasons might it have?
2. Should Amazon reconsider its decision? Does it have any effect on your shopping habits?

Sources: Natalie Neysa Alund, "Amazon Discontinues Charity Donation Program that Raised Nearly $500 Million as Layoffs Continue," USA Today, January 19, 2023; Thalia Beaty and Glenn Gamboa, "AmazonSmile's End Is Alarming, Say Nonprofits that Benefited," AP News, January 25, 2023; About Amazon, "Amazon Closing AmazonSmile to Focus its Philanthropic Giving to Programs with Greater Impact," January 18, 2023, https://www.aboutamazon.com/news/company-news/amazon-closing-amazonsmile-to-focus-its-philanthropic-giving-to-programs-with-greater-impact

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Walmart Wants to Look More Like Target, While Target Wants to Look Bigger

Use with Chapter 8, “Retail Locations”

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Whether you stop by your local Target or nearby Walmart in the near future, things might look different. Both retailers are undertaking substantial store redesign initiatives. And while the strategies they are embracing differ somewhat, their ultimate goals are the same: to get shoppers to visit more often, stay longer, and buy more stuff.

At Walmart, while still promising to maintain its low price positioning, the retailer hopes to give customers a more inspiring, aspirational setting, by adding more bright colors and enhanced lighting, mannequins showing off current styles, and even full-room displays on the sales floor that show shoppers how to put together a room. With these redesigned elements, a key goal for Walmart is to shift more of its sales away from solely low margin groceries and toward items that provide higher margins, like décor, baby supplies, and clothing and accessories.

Although the redesign so far has been applied only to about a half-dozen stores, and Walmart has not confirmed how many stores ultimately will receive similar facelifts, its broader merchandising approach has been heading in this direction. Across all its stores, Walmart has been calling on store managers and workers to devote more effort to keeping displays tidy and uncluttered. It also has added a few more well-known national brands, like Levi Strauss, and introduced some private-label offerings with input from celebrities like Drew Barrymore.

As many observers have noted, these moves all seem to signal that Walmart is trying to be a little more like Target: bright colors, fashionable offerings, collaborations with famous names. But in the meantime, Target is pursuing its own redesign, heading in a slightly different direction. Specifically, it is opening massive stores, of 150,000 square feet or more, with backroom storage that is approximately five times larger than a conventional Target store houses. With these massive locations, Target hopes to improve its same-day delivery capacity, to get products quickly and efficiently to customers’ homes by moving them directly from the local retail store to their doorsteps.

But the front of the stores also are bigger and, perhaps even more important, more open in their design. The spacious and well-lit layouts promise to integrate more natural materials and live plants, ideally encouraging greater relaxation and enjoyment to convince willing shoppers to linger longer and browse through the aisles more leisurely. Target also promises that more stores will provide electric vehicle charging ports in the parking lots.

Discussion Questions:

1. What are some pros and cons of Walmart’s redesign, which seemingly brings it more in line with Target?
2. What are some pros and cons of Target’s redesign, which prioritizes extremely large store footprints?

Sources: Walter Loeb, “Target Unveils New Store Strategy and Store Design,” Forbes, November 21, 2022; Melissa Repko, “Bright Lights and Snazzy Mannequins: Walmart Rolls Out Sleek New Store Designs,” CNBC, January 28, 2023

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AI Will Transform Manufacturing—with Humans' Help

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


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It's not that AI is going to take over all conceivable jobs in manufacturing, necessarily. Experts think instead that AI-enabled devices will work with humans to increase productivity—and maybe even solve tricky problems that consumers increasingly care about, like how to be more green.

Andreas Eschbach, writing in Forbes, posits that AI can (and will) help unlock a plant's "hidden value"—that is, its unrevealed and untapped capacity—by making informed decisions that expand productivity, improve sustainability, increase flexibility, and bolster the workforce. These outcomes might stem from actions like predicting equipment failure and supply chain disruptions, spotting bottlenecks, and identifying solutions to these problems and others.

Sounds good! So what's standing in the way? Poor data quality is one answer, including "missing data points, broken or miscalibrated sensors, incomplete data mappings or dictionaries, incompatible systems, architectural limitations, slow access speeds, and insufficient understanding of existing sources." Adding to this long list, we could mention old systems and weak data governance that must be addressed.

Solutions are available. McKinsey recommends companies adopt an "agile, data-centric approach" to improving data quality, such as by deploying teams of data scientists, engineers, and data experts who can identify and fix any problems standing in the way of AI doing its job. Eschbach, too, observes that for AI to work, it'll need humans working alongside it—the machine and the person, joined hand in byte.

Discussion Questions:

1. How will AI transform the manufacturing industry?
2. What are the obstacles standing in the way?
3. What can be done to make AI more effective, in the manufacturing context?

Sources: Andreas Eschbach, "How Humans and AI Can Untap New Manufacturing Capacity," *Forbes*, January 6, 2023; "4 Ways Artificial Intelligence Could Transform Manufacturing," WEBforum.org, January 9, 2023; "Clearing Data-Quality Roadblocks: Unlocking AI in Manufacturing," *McKinsey.com*, January 20, 2023

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Finding the Next Generation of Great Retail CEOs: Is It You?

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


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What qualifications does the chief executive officer (CEO) of a retail firm need? Well to start, they have to be available—a basic standard that appears increasingly unlikely. About 10 percent of the retailers included in the *Fortune* 100 have, in the recent past, operated for extended periods without any CEO or with someone in an interim role. They simply cannot find a qualified candidate to fill the role.

Such a scenario is troubling for several reasons. Without a CEO, the companies struggle to establish a clear strategic plan or identity. Furthermore, leaders in retail firms can set the overall tone and culture of the organization, and when those leaders are temporary or missing, there is a risk that no one working for the firm knows what it stands for or what their long-term goals should be.

The reasons for the dearth of CEO candidates are multiple. A key factor though is the decline of conventional department stores. As famous names like Macy's and Saks Fifth Avenue have sought increasing efficiency, to avoid being forced to close, like their once competitive but now-defunct peers Lord & Taylor or Marshall Fields, they have eliminated their management training programs. In the 20th century, when department stores were a dominant retail model, these corporations established massive, in-depth training courses. They would recruit promising college graduates to work for them for a year or two, during which the trainees would experience every facet of the business, including merchandising, supply chain operations, customer service, human resources, and so forth.

The graduates of the training programs then entered the corporations as young executives, with the expectation (on both sides) that they would rise through the ranks. This relatively large group of well-qualified, well-trained executives then created a pool of candidates for top executive jobs at various retailers, both the ones that trained them and others that might poach them.

Not only have big department stores shrunk or eliminated their management training programs, but potential trainees also have found appealing alternative options. Many entrepreneurial young retail geniuses initiate their own companies, enabled by digital technology options that mean they can start a business somewhat inexpensively and potentially gain great success all on their own, in the model of Warby Parker or Rent the Runway.

Technology effects also play a part in the lack of CEO candidates, because the requirements for running a retailer now include in-depth familiarity with not only conventional retailing practices but also sophisticated understanding of data analytics, digital commerce, and social media, among other high-tech topics. Furthermore, consumer and societal demands that companies establish ethical practices mean that retail leaders must have strong familiarity with the ethical implications of their strategic choices.

The expansive demands and shallow pool of candidates have led some retailers to get creative in their efforts to find a leader. Pacsun decided to split the tasks, hiring two co-CEOS, one responsible mainly for merchandising and design decisions, while the other handles operations and supply chain issues. Others are hiring executives from other industries, like the former hospitality executive who now runs Under Armour.

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Discussion Questions:

1. This discussion suggests a substantial opportunity for students. How can you prepare yourself most effectively to be the next generation of retail CEOs?
2. Do you want to be the CEO of a major retailer? Why or why not?
3. What can retailers do, immediately and in the long term, to increase the pool of potential CEO candidates?

Sources: Jordyn Holman, "The Retail CEO Pipeline Is Running Dry," *The New York Times*, February 16, 2023; Matthew Kish and Avery Hartmans, "Retail CEO Crisis: With Recent Shakeups at Kohl's Adidas, Dollar General, and More, the Industry's Top Job Is Suddenly the Hardest to Fill," *Business Insider*, February 11, 2023

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Barnes & Noble Is Using an Indie Model to Thrive and Grow

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

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We're about to say something that many actors in the book retailing sector would have been shocked to hear, not all that long ago: It's a good time to open some new, humongous bookstores.

Barnes & Noble, once considered a villainous threat to indie bookstores, came to be seen as a fellow endangered species, along with the indies, in the age of Amazon. But in a surprise third-act twist, Barnes & Noble is now getting a lot of attention for adopting some indie business practices and using them to grow and thrive. The company is planning its biggest expansion in a decade, with 30 new stores—some in gigantic stores where Amazon opened, then shuttered, its own massive bookstores.

Why is Barnes & Noble doing so well, now? The pandemic provides one answer, with 2021 setting a record for U.S. book sales—just when Barnes & Noble began embarking on expansion plans. Chief Executive Officer James Daunt and his unorthodox business practices might be another.

Daunt founded the British indie chain Daunt Books and turned around the failing U.K. bookstore chain Waterstones. He was made CEO of Barnes & Nobles in 2019, when the chain was bought by the same hedge fund that owns Waterstones, with the mandate of updating the chain's 600-some stores.

To do so, he has actively applied the indie model of bookselling to the biggest of big chains. This strategy includes empowering individual stores to stock the books that the shoppers in their communities actually want to read and buy, instead of requiring each store to carry the same merchandise. He's also "embraced TikTok's BookTok and social media influencers," as NPR put it, along with no longer accepting publisher payments for special displays.

The strategy, or strategies, are working. Barnes & Noble is no longer a public company, such that it does not disclose its sales or revenue figures. But according to Shannon DeVito, B&N's director of books, the company grew by more than 4 percent last year—and she believes that the business will keep going strong: "What has changed is, I think, my hope that we're going to be here for decades and decades and decades now," she told NPR.

Discussion Questions:

1. Is now a good time for Barnes & Noble to open 30 new stores?
2. How can Barnes & Noble draw in even more customers?
3. Could other retail businesses successfully adopt this type of "indie" model for their individual stores?

Sources: Stephanie Stacey, "The Barnes & Noble CEO Says Sales Are Rising Because He Trusts His Booksellers to 'Create Good Bookshops' and Run Each Store the Way They Want To," *Insider*, February 25, 2023; Alina Selyukh, "How Barnes & Noble Turned a Page, Expanding for the First Time in Years," *NPR.org*, March 7, 2023; Elizabeth Segran, "Barnes & Noble Is Stealing the Indie Shop Playbook, and It's Working," *Fast Company*, February 28, 2023; Ezra Klein, "How Barnes & Noble Came Back From Near Death," *The New York Times*, January 28, 2023

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Retailing Tidbits

Vinyl Records Are Making a Comeback

Use with Chapter 5, "Customer Buying Behavior"

2022 was a record year for records. For the first time since 1987, people bought more vinyl records than compact discs. Surprised anyone is buying either of these mediums anymore? They are—and a lot of them! Some 41 million vinyl records were sold last year, compared with 33 million CDs, according to a recent report put out by the Recording Industry Association of America. These figures are so promising that a Pennsylvania record store that shut its doors in 1999, due in part to negligible record sales, just reopened. Legendary band Metallica bought a Virginia vinyl record processing plant. Is this shift toward, and investment in, vinyl a trend, or does it represent a long-term change in consumer preferences? Who can say for sure! What we do know is that the RIAA report finds streaming continues to be the recorded music industry's biggest money-maker, representing 84 percent of the industry's revenues.

Sources: Ginger Adams Otis, "Vinyl Records Outsell CDs for the First Time since 1987," *The Wall Street Journal*, March 9, 2023; Brandon Drenon, "Vinyl Records Outsell CDs for First Time in Decades," *BBC*, March 13, 2023; Mac Bell, "York County Vinyl Record Store Reopens after 24 Years of Closure," *ABC 27 News*, March 13, 2023; Jarrett Dang and Erika Soderstrom, "A Window into LA's Budding Scene for Latin Vinyl Records," *Marketplace*, March 9, 2023; Mark Hand, "Metallica Buys NoVA Pressing Plant with Resurgence of Vinyl Records," *Patch*, March 14, 2023

Don't Like the Replacement Items in Your Grocery Delivery Orders? Instacart Has a Solution

Use with Chapter 18, "Customer Service"

A major inconvenience for online grocery consumers occurs when the products they want and need are out of stock at the store. Some delivery services suggest replacement items or just apologize for not being able to supply it. But it remains a hindrance, because consumers cannot make the decision in the moment, while in the store, to skip or replace the item for themselves. A promising solution, being tested by Instacart, would add low stock alerts to the app, to inform consumers in advance if an item they have added to their list is indicating low inventory levels at their local store. In a study involving 840,000 randomly selected shoppers, the low inventory alerts prompted most customers to switch to an acceptable alternative, with higher stock levels, before placing their order. As a result, the per customer revenue earned among this sample increased by 5.3 percent. In addition to this immediate benefit, the customers who received the information indicated greater satisfaction and more intentions to use the online service again. Thus, the solution is evident. But another challenge remains: Currently, inventory systems are not sufficiently accurate to support real-time updates for every customer, shopping at every grocery store, throughout Instacart's vast domain. Without precise, accurate information about stock levels, alerting systems cannot provide the desired benefits for customers.

Sources: Tom Ryan, "Would Online Grocery Benefit from Low Inventory Alerts?" Retail Wire, February 22, 2023

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