RETAILING MANAGEMENT

11E

Newsletter for Instructors

April - May
2024

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Hitting the Mark: How Target Is Positioning Itself for Exponential Growth

Use with Chapter 2, “Types of Retailers,” Chapter 3, “Digital Retailing”, and Chapter 4, “Multichannel and Omnichannel Retailing”

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Even if it represents a big box department store by definition, Target also has long enjoyed its unique and trendy image, as well as a cult-like following, particularly among young women. Furthermore, suburban moms, young professionals, and college students alike seem to enjoy flocking to stores, picking up a snack, and then wandering the aisles, searching for inspiration. This phenomenon has spawned a litany of social media posts, memes, and in-group jokes by Target lovers who take to the internet, to share their mutual delight. As the joke commonly goes, “You don’t go to Target because you need something. You go to Target to be told what you need.”

And now Target is ready to tell a whole new group of consumers what they need, through Target Circle 360, a paid subscription membership service, which offers competitive perks, including unlimited, free same-day delivery for orders totaling more than $35. This plan also will give members access to two-day free shipping and to Shipt Marketplace. In this way, the retailer clearly is seeking to compete more directly with Walmart and Amazon, which already provide similar services.

Going a step farther, Target has announced plans to develop its own proprietary AI technology, to achieve a range of benefits, focused on both customers and operations. Currently, in-house teams are working to predict trends in consumer demand and enhance inventory management systems, in initiatives that are informed by AI. Another dedicated AI-enabled marketing effort will pursue more targeted marketing strategies, including personalized product recommendations that will appear on the website.

Meanwhile, the retailer is streamlining its supply chain, through the creation of dedicated sorting centers, to speed up order fulfillment. The sorting centers will dispatch orders to Target’s existing and expansive network of stores, which will function as fulfillment hubs too. By expanding its long-standing partnership with Shipt, Target also hopes to develop more efficient last-mile delivery services, which ultimately might include drone deliveries.

With these changes, Target establishes itself as the latest retailer to join the high-tech and AI-forward race. But its approach also is unique, reflecting headquarters’ intentions to expand its physical retail channels while also chasing the latest technological advancements. By focusing on growth in both sectors simultaneously, the chain believes it can grow exponentially—and perhaps close the gap between its standing and the market positions of its larger competitors.

Arguably, its approach outlines a new blueprint for traditional retailers to follow, if they hope to expand into the tech space. As Target begins this structural shift, its success or failure will help determine the landscape for similar retailers.

Discussion Questions

1. Do the benefits of a Target Circle 360 membership seem worth an annual fee? Why or why not?
2. What is one pain point for retailers that will be eliminated with Target’s new supply chain model?

Sources: Brian Sozzi, "Target CFO Talks Target Circle 360, New Paid Membership Program," *Yahoo Finance*, March 5, 2024; Dan Berthiaume, "Is Target Becoming Retail’s Newest Tech Giant?" *Chain Store Age*, March 8, 2024; Lauren Forristal, "Target to Launch Its Own Version of Amazon Prime, Starting at $49/Year," *TechCrunch*, March 5, 2024; OpenAI ChatGPT, "Assistance with Research on Target's Marketing Strategies and Retail Innovations," ChatGPT, April 7, 2024

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20/20 Vision: The Use of AI in Retailing

Use with Chapter 3, “Digital Retailing”, Chapter 10, “Information Systems and Supply Chain Management”, and Chapter 16, “Human Resources and Managing the Store”

istockphoto / grinvalds

Like death and taxes, grocery shopping can feel like an inevitable part of life. It’s hard not to dread a shopping trip sometimes; long lines, understocked shelves, and other inefficiencies frequently arise, perhaps especially for big, stock-up trips to warehouse stores and big-box retailers.

To address this customer pain point, some innovative retailers, such as Sam’s Club, have introduced plans to use AI to verify cart contents. Doing so promises to provide greater efficiency. The new system, currently piloted in 10 locations, is expected to be used in all its stores by the end of 2024.

Following its lead, other stores have announced their plans to offer automated solutions too, at nearly every step of buyers’ purchase journey. Clothing brands like H&M, Zara, and Ralph Lauren are revising their sales strategies to integrate virtual mirrors that include behavioral analysis tools, which in turn can automate the product recommendation process. Other systems have been designed to scan each customer’s current clothing choices, then recommend similar or complementary items.

SpartanNash, a grocery store chain based primarily in the Midwest, instead relies on inventory robots to scan store aisles and track inventory levels, identifying understocked or misplaced items. Meanwhile, Home Depot has created an app for its sales associates, which continuously updates restocking priorities, based on real-time analyses of purchases.

Some retailers instead use computer vision technologies in their efforts to reduce shrinkage, which most commonly occurs due to theft. Retailers have installed heat maps to analyze foot traffic within their stores, which can not only alert workers to potential problems but also help the sellers optimize their floor layouts. In its efforts to combat expensive loss and shrinkage, Walmart is actively developing cameras that can analyze customer behaviors, identify those that seem suspicious, and also detect unscanned items in self-checkout lines.

Others have focused their attention even more precisely on checkout operations; currently, no standard or universally adopted checkout process or monitoring strategy exists. Amazon Go was one of the first adopters of computer vision in this area, piloting cashier-less stores, where customers can shop without having to undergo any actual checkout process. These stores use cameras and sensors to track customer selections and charge them automatically. Since then, various sports arenas have adopted a similar method, such that both Lincoln Financial Field and Lumen Field recently introduced checkout-free concession stands, designed to streamline a high-traffic pain point for consumers and sports fans, anxious not to miss a single play on the field.

Similar to most iterations of AI, computer vision seems to become improving at a rapid pace. Some programs even are self-teaching, reporting errors back to their developers, to enable future corrections. Still, experts caution that retailers need to be careful with how they integrate such solutions. As customers become more aware that they are being constantly monitored in stores, they might begin to perceive the privacy intrusions as excessive. In this sense, the need for further data transparency continues to inform future developments.

Likewise, retailers need to be careful to develop these cutting-edge processes in accordance with changing consumer expectations. If stores enjoy substantial profit gains from automated solutions, as seems likely, customers may begin to expect that some of that profit should translate into savings for them, in exchange for the invasiveness they are suffering. On this point, retailers must take care to balance their short-term and profit aims with long-term customer satisfaction goals.

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Discussion Questions

1. Have you encountered any of these automated solutions in your own life? How did you react?
2. Which of these solutions are likely to be most beneficial to consumers in the long term? Which solutions will be most beneficial to retailers?

Sources: Dennis Limmer, "How Will Computer Vision Change the Retail Experience?" *Retail Wire*, March 7, 2024; Gaudenz Boesch, "The 10 Top Applications of Computer Vision in Retail in 2024," https://viso.ai; Shemmy Majewski, "5 Ways Computer Vision Is Transforming Retail Industry," https://dlabs.ai, November 21, 2022

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The Latest Developments in Krispy Kreme's Efforts to Get You Your Daily Glazed

Use with Chapter 4, "Multichannel and Omnichannel Retailing", Chapter 8, "Retail Locations", Chapter 9, "Retail Site Location", and Chapter 13, "Buying Merchandise"

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As we discussed previously in these abstracts, McDonald's and Krispy Kreme entered into a novel partnership in late 2022, making Krispy Kreme doughnuts available at just a few McDonald's restaurants in Louisville, Kentucky. The initial experiment was a substantial success, leading to an expansion in March 2023, growing to 160 McDonald's restaurants, though all of them remain in the same general geographic region.

By November of 2023, the growing experiment continued to reap success, and the companies began talking about how they could make it even more expansive. Notably, Krispy Kreme recognizes that its expanded distribution options have allowed it to sell much more of its delicious products, and at higher prices. People have been appreciating the availability of glazed doughnuts, purchasing them frequently and even paying more than they would at a Krispy Kreme location to obtain them easily from McDonald's.

For McDonald's, the collaboration also is proving beneficial in its attempts to build its reputation as a café-like location and a source for good coffee (and compete more effectively with Starbucks or Dunkin). By relying on Krispy Kreme to supply consumers with sweet treats to dunk in their morning Joe, McDonald's also can reduce its need to produce its own cinnamon rolls or blueberry muffins and thus simplify its operations.

The challenge is making sure that the Original Glazed are (as Krispy Kreme famously promises) hot and fresh in the fast food locations. After initially adopting it in 2021, Krispy Kreme has leaned more heavily into its hub-and-spoke distribution system, in which various production hubs—including both dedicated manufacturing facilities and larger stores that can function as doughnut factories—supply local stores with both individual treats and prepackaged boxes of a dozen doughnuts. Thus far, it has been successful in keeping the 160 regional Kentucky stores constantly supplied with fresh desserts, but whether it can achieve similar success nationwide remains an open question.

Even as it proceeds with this broader distribution strategy in partnership with McDonald's though, Krispy Kreme has pulled back on another experiment, in which it considered forays into consumer packaged goods. In that effort, it installed packaged mini-crullers and doughnut bites in Walmart stores, designed with sufficient preservatives and packaging that would allow them to sit on grocery store shelves for extended periods.

But the primary appeal and feature that sets Krispy Kreme apart is the freshness of its baked goods. Even if consumers buy a box of a dozen prepackaged doughnuts, the sweet treats were made that same day, such that they still offer the fresh texture and glazed crunch that people associate with the brand. Thus, preservative-filled, packaged grocery store versions held little appeal, prompting the company to shut down that distribution channel.

Still, the promise of distribution through McDonald's implies a massive expansion for Krispy Kreme and a substantial product line increase for McDonald's. Thus as the experiment continues to grow, so do your own chances of grabbing a glazed in a nearby drive-thru.

Discussion Questions

1. What is the advantage of a collaboration like this one, compared with McDonald's simply making and selling its own doughnuts and Krispy Kreme simply selling through its own locations?

Sources: Amelia Lucas, "McDonald's and Krispy Kreme Are in Talks to Expand Partnership," *CNBC*, November 9, 2023; Zoe Strozewski, "Krispy Kreme Is Discontinuing Its Grocery Store Doughnut Line," *Eat This, Not That!* March 21, 2023; Tom Ryan, "Does Krispy Kreme Fill a Hole in McDonald's Menu?" *Retail Wire*, October 24, 2022

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Fast, Cheap, and Easy: Wendy’s Introduces Dynamic Pricing

Use with Chapter 5, “Customer Buying Behavior”, and Chapter 14, “Retail Pricing”

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The price of everything seems to be going up these days: gas, clothing, rent. With the costs of living skyrocketing, many consumers have turned to cheaper options, cutting corners wherever possible. For example, some savvy diners have eschewed traditional dining for fast food, trying to find deals on the dollar menu. But even that option might be getting priced out of reach.

In particular, Wendy’s recently announced (and highly controversial) plans to introduce dynamic pricing strategies suggest that the company is trying to stay ahead of consumers’ price-saving tactics with its own profit-protecting tactics. Beginning in 2025, some store locations will adjust the prices of menu items, on the basis of activity levels within that store. Aided by the rollout of digital menu boards, the move aims to improve both customer and staff experiences.

The reaction to the announcement was immediate—and overwhelmingly negative. Customers took to social media, calling for boycotts of participating locations. Comparisons were drawn to other industries that have already adopted dynamic pricing, especially ride-sharing platforms like Uber or Lyft. Many decried the use of surge pricing and claimed that the move represented an example of price gouging.

In response to the public backlash, Wendy’s released a second statement, clarifying its new pricing strategy. The company assured customers that participating restaurants would not increase their prices during especially busy times (i.e., pricing higher in response to surges in demand) but rather would provide different menu variations and discounts to consumers during slower periods (i.e., pricing lower to attract price-conscious buyers). But even with this clarification, many observers accused Wendy’s of just trying to gain control of the narrative by introducing a seemingly more palatable description of the flexible pricing model.

This move is in line with Wendy’s expressed interest in expanding technology-enhanced customer experiences, in ways that can provide its clientele with a higher degree of perceived personalization. The fast-food company has reportedly invested around $30 million into developing technology to support its dynamic pricing rollout, indicating a long-term goal of integrating various technology-enabled and pricing strategies, even despite initial public resistance.

The initial rollout and ensuing backlash also highlights the public’s sensitivity to pricing changes and innovations, especially when a strategy has never been employed in that sector before. Wendy’s is one of the first to introduce fluctuating prices in the food industry. Even if some customers seem more willing to embrace such dynamic pricing models, long-term acceptance remains to be seen.

Their popularity, effectiveness, and growth in other sectors offers a powerful incentive for the initiative though. Dynamic pricing has long been the standard pricing model for the travel industry, especially among airlines and hotels. In those sectors too, initial consumer reactions to the shifting prices were mixed, but many travelers have come to accept the model, to the extent that it now is established as a norm. Moreover, as dynamic pricing becomes more popular across a variety of industries, it might become more accepted as a whole.

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Discussion Questions

1. Why would Wendy's attempt to employ dynamic pricing, rather than raise its prices in a more traditional way?
2. If Wendy's continues to use dynamic pricing long-term, will it be good or bad for their business, overall?

Sources: Bruce Crumley, "Dynamic Pricing Keeps Spreading Despite Protest From Wendy's Customers," *Inc*., March 11, 2024; Joseph De Avila, "Wendy's Makes It Clear After Backlash: No Surge Pricing," *The Wall Street Journal*, February 28, 2024; Lola Fadulu, "'Dynamic Pricing' for Burgers and Shakes? Wendy's Will Give It a Whirl," *The New York Times*, February 27, 2024.

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If Discount Stores Are Doing So Well, Why Is Dollar Tree Closing So Many Locations?

Use with Chapter 5, "Customer Buying Behavior", Chapter 8, "Retail Locations", and Chapter 9, "Retail Site Location"

istockphoto / Brett_Hondow

Dollar Tree, which owns the Family Dollar chain of discount stores, along with its own namesake stores, has posted a collection of enviable performance metrics lately. Consider just a few numbers:

- Consolidated net sales up 8 percent, from $28.3 billion to $30.6 billion, over the last year.
- Fourth quarter total sales up 12 percent, from $7.7 billion to $8.6 billion.
- Same-store sales up 4.6 percent in one recent quarter, followed by another 5.4 percent jump the following quarter.
- Stock prices up 3 percent.

With these impressive outcomes, reports about how discount stores are enjoying a massive surge in success seem well-founded. But another number also sticks out when we consider Dollar Tree, namely, its plan to close down nearly 1000 physical locations in the next few years, including 600 immediate closures of Family Dollar stores. If a company is earning such remarkable sales increases, why would it start eliminating stores?

One reason has to do with other metrics, such as profits. Whereas it keeps raking in sales, the profits earned by the parent company dove, from $1.62 billion in profits to $998 million in net losses.

Most of the problematic profit outcomes appear attributable to Family Dollar, which Dollar Tree bought in 2015, in what one analyst called "a rather botched acquisition." Whereas Dollar Tree enjoys strong brand recognition and loyalty, Family Dollar performs poorly on these measures. Its customers instead appear driven exclusively by convenience and price benefits. Thus, if a store sits in a weak location, people are unwilling to drive to reach it.

The appeal of Dollar Tree seems to derive from its more diversified pricing strategy. Shoppers can find some items for less than the $1 mark, as well as some relative luxuries that cost a bit more, which is especially appealing to middle-class consumers who are trying to lower their expenditures. These shoppers might be willing to spend, say, $7 for a package of paper towels, which still represents a great deal but also requires the capacity to pay more. Family Dollar instead has stuck firm to its $1 pricing, such that its limited offerings appeal mainly to very low-income shoppers who need access to a single roll of paper towels at a time, for just $1 paid on each trip, to be able to afford the purchase.

In choosing which Family Dollar stores to shutter, Dollar Tree is focused on what it defines as less-than-optimal locations, such that there is strong competition in the market (perhaps even from a Dollar Tree). Eliminating the Family Dollar option might leave low-income consumers in a bind though, in that they rely on extreme discounts to maintain their budgets.

Discussion Questions

1. What makes Dollar Tree more appealing than Family Dollar for middle-income consumers?
2. What happens if all the extreme discounters in an area close?

Sources: Nate Delesline III, "Dollar Tree, Family Dollar to Close 1,000 Stores," *Grocery Dive*, March 13, 2024; Brooke DePilma, "Consumer Pressures and Deflationary Forces Could Lift These Two Retailers," *Yahoo! Finance*, January 29, 2024

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The Body Shop Gets Bodied by New Owners and Creditors

Use with Chapter 6, “Retail Market Strategy”, and Chapter 7, “Financial Strategy”

istockphoto / Roger Utting Photography

What happens when an ethical brand gets bought by an international conglomerate? Anecdotal evidence suggests that such mergers often make for uneasy alliances, and the recent woes of The Body Shop offer another clear example of why these takeovers tend to fail to provide the benefits that the companies expect—and even can lead to the detriment and closure of one or both of them.

For The Body Shop, which was founded in the United Kingdom in the 1970s with an explicit ethical foundation, a series of sales to larger conglomerates have left it underfunded and facing bankruptcy in several of the 80 countries in which it once operated. The first sale took place in 2006, when L’Oréal sought to leverage The Body Shop’s appeal to consumers interested in cosmetics that were never tested on animals, relied on recycled packaging, and promised ethical operations, as confirmed by the company’s B-Corporation certification.

About a decade later, the Brazilian conglomerate Natura paid more than $1 billion to purchase rights to The Body Shop’s products and retail locations and digital channels. During the pandemic years, direct-to-consumer sales boomed, but thereafter, the ownership company noted the strong negative headwinds it was facing. Such concerns apparently were the source of yet another corporate sale, this time to an asset management group called Aurelius.

Seemingly reflecting its focus on managing assets, instead of maintaining ethics, Aurelius (at the time of writing) still had not paid the full purchase price for its acquisition. Furthermore, it engaged in a practice called cash pooling, in which it took the strong holiday-season earnings achieved by stores located in different countries and placed all of them into a single global account. But once those monies went into the global account, they were no longer available to support the ongoing operations in the individual countries, including paying creditors and suppliers.

A company cannot last for very long without money to pay its bills. Thus, in both the United States and Canada, The Body Shop is bankrupt and closing dozens of stores. In the United Kingdom, its home market, nearly half of all retail locations have shut down, and approximately 300 jobs have been cut from its headquarters. The outlook and implications in other nations, including Germany, Australia, Ireland, and Denmark, look similarly dire.

In the past, some other ethical brands have sought explicit protections to ensure their social commitments remain a priority before they will go forward with a sale, as Ben & Jerry’s did before it agreed to be purchased by Unilever. But even in that case, the international expansion and profit goals of the global corporation have come into conflict with the ethical stances preferred by the independent board that runs the peace-pursuing ice cream brand. For The Body Shop, its customers, and its employees, this example likely feels discouraging. Should it discourage other ethical brands and international conglomerates considering mergers as well?

Discussion Questions

1. Can ethical priorities of one party align with global growth and profit motives of another party when two companies join forces?

Sources: Sarah Butler, “The Body Shop Files for Bankruptcy in the US and Canada,” *The Guardian*, March 10, 2024; Eva Rothenberg, “The Body Shop Shuts Down All US Operations, Closes Dozens of Stores in Canada,” *CNN*, March 10, 2024; Judith Evans, “Ben & Jerry’s vs. Unilever: How a Star Acquisition Became a Legal Nightmare,” *Financial Times*, October 11, 2022

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The Canadian Tuxedo: If Consumers Are Willing, Levi's Is Ready

Use with Chapter 6, "Retail Market Strategy", Chapter 12, "Managing the Merchandise Planning Process", and Chapter 17, "Store Layout, Design, and Visual Merchandising"

istockphoto / HJBC

The Canadian tuxedo refers to the risky but sometimes fabulous fashion choice to put denim on top of denim. Not everyone can pull it off. But Levi-Strauss is determined to make it easier for consumers to deck themselves in denim, which should also make it easier for the company to outfit itself as profitable to its shareholders.

Let's start with a little history and linguistics lesson though. Levi's is a classic American brand, so why would denim be a Canadian tuxedo? According to legend, the well-known, beloved singer Bing Crosby arrived at a luxury Vancouver hotel in 1951, outfitted in jeans and a denim shirt. At the time, such casual dress was considered unacceptable, and the hotel refused to check him in—an event akin to, say, turning away Béyonce for wearing flipflops. The incident made the news, and Levi's quickly stepped in to take advantage of the marketing opportunity by crafting a custom-made, tuxedo-styled denim outfit for Crosby.

Since that time, various other musicians (and others) have tried the denim-on-denim look, with varying degrees of success. Marvin Gaye was often pictured recording in jeans and a chambray shirt, looking impossibly cool; Justin Timberlake and Britney Spears might still not have lived down their complete denim fashion fiasco at the 2001 American Music Awards.

As this brief summary indicates though, the look keeps coming back, and that's because denim is easy, comfortable, and appealing to so many consumers. For them, Levi's is determined to be not only the original jean company but the only source for their outfits. To achieve that goal, it is placing a greater emphasis on its retail strategy and undertaking a substantial refresh of multiple elements of its 7Ps, especially the products, place, process, and presentation.

In terms of products, whereas Levi's has long relied on the incomparable reputation and awareness of its jeans, it increasingly is developing complementary offerings, including shirts and jackets, but also hats, cross-body bags, jumpsuits, and shoes. At the same time, it is prioritizing its higher-quality lines. Because a good pair of jeans can last many years, Levi's hopes to encourage people to visit stores and buy more frequently by offering them items that need to be replaced more often.

The places they visit also represent key considerations for Levi's. In the past, the company relied on department stores as the main locations for customers to find its jeans. Its individual retail strategy was relatively underdeveloped as a result. But as it has seen increasing sales through its direct-to-consumer channels, both digital and offline, Levi's is explicitly seeking to build its retail abilities and increase the proportion of clothing it sells in its own stores. For example, whereas only 42 percent of revenue comes through Levi's-owned channels today, it plans to increase that level to 55 percent in the next few years.

Such a shift also requires rethinking the process and the presentation of those products in stores. In the past, jeans would leave production facilities folded, reflecting the way that the primary sales channel (department stores) would display them. But in the effort to expand sales through its own retail channels, Levi's has altered its process, such that the jeans and other apparel get boxed up in the way they will be displayed at its physical locations. Store personnel can whisk new shipments immediately onto the sales floor, without having to refold the items. They also know to dress mannequins and window displays using the latest fashions, to help demonstrate to consumers how a complete denim style can work.

Thus, the altered product line is reflected in the brand's retail presentation, reflecting an explicit assertion by the company's chief executive: "When you're building stores, when you're creating an e-commerce site, the consumer wants to explore and shop more than just for a pair of jeans." But do they want a tuxedo?

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Discussion Questions

1. How could Levi's apply the 7Ps framework to inform its continued efforts to reinvent its retail strategy?
2. What are the benefits to Levi's of moving more of its sales to owned channels, and away from department stores? What are some of the risks?

Sources: Jordyn Holman, "Levi's Wants You to Rethink Your Denim Shopping," *The New York Times*, February 27, 2024; Jason Diamond, "Now Is the Time to Embrace the Canadian Tuxedo," GQ, March 18, 2022; Mekita Rivas, "The History of the Canadian Tuxedo, Explained," Bustle, February 20, 2024

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Deus Ex Machina: Amazon Introduces Robot Workers

Use with Chapter 10, “Information Systems and Supply Chain Management”

istockphoto / tiero

Amazon’s ethos seems best summarized in series of buzzwords: *Quicker! Cheaper! Better!* While there remains some debate about the net value of this way of thinking, there can be no denying its impact on the supply chain as a whole: Amazon has revolutionized the way retailers and consumers think about shipping, by setting new, constantly increasing standards and expectations. From two-day shipping to next-day, and then to same-day delivery, and then to an immediate four-hour window, Amazon has continued to raise the bar and industry standard for order fulfillment. Accordingly, its supply chain has evolved as well, to meet the increasing demands placed on it.

Most recently, Amazon announced the integration of robotics and artificial intelligence systems into its already technologically sophisticated supply chain. Newly developed humanoid robots with unprecedented capabilities were tasked with performing specific, repetitive tasks within the warehouse, including picking, packing, and managing inventory. Simultaneously, wheeled robots were created to aid in the transportation of goods.

In a statement announcing this new technology, Amazon stressed the value that these changes would bring to its workers. The introduction of robotics systems aims to create hundreds of thousands of new jobs, including 700 categories of skilled job types that did not previously exist within the company. As examples, Amazon cited an increasing need for employees who can perform robot maintenance and system oversight—skilled positions for which it promises current, eligible employees can receive further training.

Beyond financial aims, Amazon has cited safety concerns as central to the design and implementation of robots in warehouses. These robots effectively remove the need for employees to reach over their heads repeatedly or squat to lift customer orders, the kinds of efforts that lead to long-term and repeated injuries.

As these rollouts continue, Amazon also notes its significant investments into the research and development of further technology. The extent to which it might be able to compress its already tight turnaround window even further, and set an even higher standard of service, remains to be seen.

Discussion Questions

1. If robots, with their greater efficiency, take over repetitive tasks, what is the role of human workers in Amazon warehouses?
2. At what point do new innovations lead to unreasonable demands on supply chains and their various members?

Sources: Scott Dresser, "Amazon Announces 2 New Ways It's Using Robots to Assist Employees and Deliver for Customers," *Amazon News*, October 18, 2023; Shiona McCallum and Chris Vallance, "Amazon Trials Humanoid Robots to 'Free Up' Staff," *BBC*, October 19, 2023; Umar Shakir, "Amazon Says Its Robots Will Speed Up Delivery and Definitely Not Replace Humans," *The Verge*, October 18, 2023.

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Selling Their Vision: How Today's Leaders Can Use Key Personal Selling Skills to Succeed

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


istockphoto / nuttapong punna

Selling a product or service to a customer is very different from selling a corporate vision to an employee. And yet, some notable parallels arise that suggest relevant insights for the members of marketing and retailing firms, throughout the entire hierarchy.

In particular, today's chief executives must recognize and adapt to the dynamic environments in which selling takes place, just like a salesperson must do. Simply reacting to a customer's product requests is unlikely to produce optimal sales. Instead, salespeople need to take the initiative to recognize their customers' unmet needs and preferences, then suggest solutions to resolve those concerns. Similarly, corporate leaders cannot wait for industry or societal changes to take place and react passively. Rather, they need to be scanning the environment constantly, looking for impending issues and concerns, so that they can develop new product or service solutions to address them.

A key example of the dynamism that arises in both customer needs and industry changes relates, of course, to new technologies. In this sense, salespeople and CEOs again need to pursue similar skills and capabilities to achieve success. Salespeople must stay up to date on the latest customer relationship management and planning software, so that they go into sales encounters fully informed about customers' recent orders and stock levels. For chief executives, digital technologies are reconfiguring virtually every aspect of marketing. For example, generative AI is estimated to be capable of enhancing the productivity achieved by 900 different kinds of jobs, create US$8 trillion in value, and exert impacts on 44 percent of working hours. Ignoring such developments is a risky and unwise tactic.

But even as they rely on cutting-edge technology, salespeople and CEOs still must account for and prioritize human interactions. Salespeople should work to craft an enjoyable, enriching experience for their customers. Company leaders should work to craft an enjoyable, enriching work experience for their employees. On both levels, such efforts entail respect for customers and employees, recognition of their uniqueness and specific needs, and a dedication to listening to what they are really saying and asking.

Failing to embrace these requirements can lead to the loss of an immediate sale for a salesperson. But for company leaders, the negative outcomes can be even more severe. As a recent survey of the retail industry showed, 52 firms changed their CEOs over the course of just one year, indicating that when leaders cannot adapt, embrace technology, and sell their vision to their employees, they will lose more than a sale. They'll lose their job.

Discussion Questions

1. In a way, these recommendations do not seem very surprising. Why are they so difficult to implement and develop then?
2. What other skillsets apply to both entry-level salespeople and top-level executives?

Sources: Jill Standish, "The CEO Skillset Needed to Power Retail's Renovation," *Forbes*, February 15, 2024; Accenture, "Technology Vision 2024," January 9, 2024, https://www.accenture.com/us-en/insights/technology/technology-trends-2024

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