RETAILING MANAGEMENT

11E

Newsletter for Instructors

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YouTube Bets on Livestreaming

Use with Chapter 3, “Digital Retailing,” and Chapter 15, “Retail Communication Mix”

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YouTube hosts the most livestream viewers of any platform, and nearly one-third of the consumers who visit the platform daily engage actively with live streamers. Keen to position itself, and livestreaming, as the next big media trend, YouTube is working hard to facilitate this method of communication between content providers and consumers.

When content creators go live, they can connect with followers in new ways, whether they are offering insights into their daily activities, telling stories about their life, or commenting on the latest headlines. The casual setting tends to make viewers and consumers feel more welcome, part because it signals an intimate connection with the content creator. In support of such appeals, YouTube has introduced several new features to enhance the livestreams. For example, content creators can now simultaneously stream themselves and another live broadcast, allowing them to react to a popular event or shared interest in real-time. Fans can watch their favorite football team dominate while also watching a knowledgeable creator in split screen, calling the plays.

Other new features include innovative mini-games on the platform, which livestreamers also can broadcast during their programs. The creator might play and also encourage followers to do so, which provides a new means for the creators to generate profits (i.e., by convincing users to purchase game access too). For creators that embrace the new format, YouTube also promises a more organic way to generate revenue, using side-by-side advertisements. In addition to making it easier for typical viewers to engage, this alternative, redesigned format appears less obtrusive than traditional promotional placements.

At the same time, YouTube tasked its developers with resolving a common complaint from livestream fans. Previously, streamers chose the framing for their broadcast, in either landscape or portrait mode. The orientation did not always align with the devices that followers used to access the livestreams. Therefore, the latest developments allow users to set their preferences and receive each broadcast in either a horizontal or a vertical setup.

To expand the market and incentivize more creators to try livestreaming, YouTube makes AI-powered tools available to them. Following each broadcast, they can implement the tools to comb through the recording, select the most engaging moments, and then generate a short-form summary that they can post in other contexts, to increase audience engagement across the board.

Together, these new features represent a comprehensive overhaul of an already popular platform, reflecting its attempt to ensure it remains popular into the future. While other media competitors have signaled their interest in expanding in this space, especially Netflix, which has recently made a sizeable push to capture parts of the live events market, no other competitor seems able to replicate how naturally the livestreaming format compliments traditional YouTube creator setups. Its edge on the competition seems safe, at least for now.

Discussion Questions

1. What other marketing tools could YouTube introduce, in order to allow creators to monetize the same content in multiple ways?
2. What is it about YouTube’s creators specifically that makes livestreaming such a natural transition from their other work?

Sources: Jessica Testa, “Can YouTube Make Livestreaming Its Next Big Thing?” The New York Times, September 16, 2025; Kurt Wilms, “Updates to YouTube Live Streaming,” YouTube Official Blog, September 16, 2025; Mike Straw, “YouTube Is Making Changes to Its Live Streaming Policy,” Insider Gaming, June 25, 2025.

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Local, Global, and Sold Out: Pierre Laborde, the Handbag Designer of the Moment

Use with Chapter 4, "Multichannel and Omnichannel Retailing"

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The shop local movement seeks to encourage consumers to support independently owned businesses that operate in their own neighborhoods or cities, citing the benefits for not just the store owners but also consumers and society as a whole. Small businesses enable entrepreneurs to earn a living and perhaps even employ others; they grant consumers access to unique and artisan products; and they allow consumer spending to get reverted back into local coffers. But today's world also operates on a global scale, which means that even local sellers might appeal to buyers located nearly anywhere. Finding the balance between local and global represents a critical challenge. It also constitutes an incredible opportunity, when done right.

Consider how Pierre Laborde—both the designer and the eponymous company he founded—has managed it. Born in Haiti, Francis Pierre Laborde moved to New York in his teens, where he attended the acclaimed Fashion Institute of Technology. During his education, he began experimenting with ways to integrate his Haitian cultural background with the penchant in high fashion circles to craft products made of rare, fragile materials, such as python and delicate leathers.

These inspirations led to novel designs for bespoke handbags, which Laborde started out selling to friends and family. As this immediate, personal network expanded, he cultivated a small following that he served from his apartment, which served as not just his residence but also as an atelier and sales floor. The space quickly became too small, so Laborde experimented with a new marketing and location strategy, in which he attended parties for people potentially interested in buying his wares. Having gained some security through this route, Laborde then opened a small shop in Manhattan's Grand Bazaar.

But even with these steps and advances, Pierre Laborde remained a local, small business, and sales remained relatively limited and inconsistent. Then came the TikTok video.

A visitor to the Grand Bazaar posted an account of their rare find: handbags in a vast array of bright colors and eclectic patterns, decked out with high-end leathers and hardware, better suited to a luxury design house than a flea market. In addition to zooming in on the details and hand stitching, the video emphasized the relative affordability of Pierre Laborde designs. Since the moment the video went viral, the Grand Bazaar has been mobbed by shoppers, both faithful fans and new adopters, clamoring to get one of the distinctive designs while they can.

This seemingly overnight success may have been based somewhat on a fortunate encounter with a customer, but ultimately, it was neither quick nor lucky. Laborde's creative process involves a detailed, three-pronged approach to the design of each bag, based in color, function, and expression. By insisting on maintaining these three principles when considering the design of each piece, he ensures that every handbag bearing his name maintains the aesthetic qualities for which he is known. Furthermore, the company has established a precise production process, to ensure that every feature is presented beautifully, but also that each bag is well-suited for daily use for years to come.

In light of its remarkable success, Pierre Laborde has instated an online ticketing system for the Grand Bazaar, seeking to control the crowds of eager buyers. Still, the company often sells out of products in mere minutes. It maintains a waitlist for interested customers, but because each handbag is handmade, by Laborde and his team, who insist on the highest standards of quality, there is an inherent limit on how many orders the company can fulfill each week. For now, most interested customers can only embrace Laborde's suggestion that they follow along on social media or subscribe to updates from his website, as the company works to expand production.

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Even as its popularity spreads everywhere around the world then, Pierre Laborde remains a local seller. Even as it benefits from digital marketing channels that make the products known to anyone, it continues to serve local customers at the weekly Grand Bazaar. In straddling these strategies, Pierre Laborde finds the best of all worlds.

Discussion Questions

1. What challenges face Pierre Laborde at this point, as it attempts to capture its popularity and demand for its handcrafted products and scale up its small operation?
2. How should the company alter its retail market strategy at this point? For example, should it move to a larger store location? Shift more of its resources to digital channels? Consider outsourcing production? Justify your recommendations.

Sources: Sandra E. Garcia, "The Harlem Handbag Maker Who Creates a Frenzy with Every Drop," The New York Times, December 21, 2025; Jeroslyn JoVonn, "Meet the Haitian Designer Behind These Viral Hard-to-Find Handbags," Black Enterprise, November 24, 2025; https://pierrelaborde.com.

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Do Dogs Need Dry Shampoo Too? Lil Luv Dog Believes They Do—Or at Least that Pet Parents Think They Do

Use with Chapter 5, "Customer Buying Behavior," and Chapter 6, "Retail Market Strategy"

istockphoto / Tatyana Kalmatsuy

For consumers for whom pets are family, or perhaps even more important than their human family members (you know who you are), finding and purchasing the very best pet supplies and products seems not just logical but necessary. In response to this market need, a new seller of high-end pet care products called Lil Luv Dog positions itself as akin to a premium beauty brand or wellness regime. It cites Gwyneth Paltrow's much-discussed Goop line of products and the luxury diaper brand Coterie as inspirations. As the founders of Lil Luv Dog see it, pets have become extensions of their "parents," especially those who count as Millennials or Gen Zers. So shouldn't those extended selves have access to luxury self-care products too?

With that positioning in mind, the first grooming product that the company launched was a pet-safe version of dry shampoo, marketed to do everything that dry shampoo formulated for human users can do: It can eliminate smell, extend the longevity of hair, and give owners precious time and money that they otherwise would have to spend at salons, on frequent grooming appointments. It's also a great way to alleviate stress for both owners and canines, especially if those pooches are particularly anxious or averse to being groomed. Listed at $36 per bottle, the dry shampoo doesn't come cheap. But Lil Luv Dog has had no difficulty turning a steady profit, in large part due to how lucrative the pet care market is. Some estimates value the entire industry at nearly $250 billion, with predictions that it will continue to achieve 7 percent annual growth over the next five years.

To ensure that it could establish and maintain its foothold within this massive and growing market, Lil Luv Dog partnered with a venture capitalist to secure $1 million in initial funding. In soliciting such support, the founders could point to their early retail success as a direct-to-consumer brand. Operating according to that retail structure, it earned most of its sales through ecommerce channels, pop-up placements, and installations on the shelves of premium retailers that share a similar high-end sensibility. Furthermore, it has pursued collaborations with leading names in related and parallel industries, including the founder of cult-favorite haircare line Ouai, as well as the innovator behind the highly exclusive bath and home brand Flaming Estate. Seemingly inspired by these examples, Lil Luv Dog has taken care to design each product to reflect a clean, minimalist aesthetic.

Having securing a healthy source of investment capital, as well as a notably sizeable online following already, the company seems poised to shift its operational strategy to embrace more traditional retail approaches and expand access through additional retail channels and spaces. As it does so though, it will need to address increasing competition as well. Some established, premium, human beauty brands, including Kiehl's and Ouai, have begun to expand their pet-related offerings. Thus, even as Lil Luv Dog has carved out a respectable niche, it still must remain alert. After all, it's pretty hard for an independent retail brand to succeed in this dog-eat-dog world.

Discussion Questions

1. What other pet care products would you recommend that Lil Luv Dog should release, given its specific positioning?
2. As Lil Luv Dog expands, should it pursue wide retail distribution, or should it remain selective in terms of the retail channels where consumers can find its products? Explain your answer.

Sources: Cheryl Wischhover, "Like Goop, but for Dogs," The New York Times, November 15, 2025; "Lil Luv Dog Launches with $1M Backing to Redefine Petcare," Brand Insider, September 9, 2025; Maivy Tran, "2025 Best Modern Gifts for Pets + Pet Lovers," Design Milk, November 7, 2025

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Soup to Nuts: Patagonia Has Started Selling Food

Use with Chapter 6, “Retail Market Strategy”

Even as finance professionals and tech bros have embraced its products, Patagonia has remained true to its founder’s original, ethical purpose to invest most of the profits earned from selling outdoor apparel to protect the environment. Taking Yves Chouinard’s ethos as inspiration, the company recently has sought to expand the product lines through which it can earn profits, so that it can invest even more in saving the planet.

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Organized as a subsidiary of the parent company, Patagonia Provisions focuses on food production and engages actively with agricultural industry processes. A persistent goal underlying its production design is to limit the environmental impacts, so that it can establish a more sustainable way to source food, which then might be implemented more widely, and even on a global level, for the benefit of all parties.

For example, it has begun experimenting with cultivating Kernza, a variety of wheatgrass that requires relatively little tending by farmers and minimal amounts of soil to grow. Thus, it represents an appealing option for independent farmers, without creating excessive demands on natural resources, like land and water. For now, Kernza remains a relatively unused crop, primarily used to manufacture crackers that Patagonia Provisions offers for sale. Yet its value goes well beyond direct product sales: If Patagonia Provisions can determine that its development is sustainable, both environmentally and financially, it can expand the design to other source materials and alternative product developments.

Although these experiments are recent, Patagonia Provisions is not the first time Patagonia has attempted to enter the food business. In 1984, it sought to participate in the cultivation of grain—specifically, a species of Tibetan barley that was used to make flour. It also aimed to develop some new Chinese cereals and Japanese rice, but consumers appeared uninterested, seemingly because their demands already were being met by the vast number of competing sources of grain already available in their grocery aisles.

But in the twenty-first century, Patagonia Provisions moved beyond just grains. It introduced an energy bar, followed by soups, sauces, and oils. Even as this version of the food division took responsibility for more than 70 products, few of them achieved profitability. More recently, following a leadership change, Patagonia Provisions undertook a close market analysis, which revealed that canned fish represented its “hero” product, a top seller that also fit well with the company’s commitment to sustainability.

With the recognition that cans of fish provide its biggest sellers, Patagonia Provisions reoriented its priorities and devoted more attention and marketing resources to these items. In 2025 for example, it introduced fun, colorful packets of sardines and beans, citing the popularity, in Mediterranean diets, of combining tuna with beans. The specific product iterations leveraged careful product designs, such as one that promised a brighter flavor profile (e.g., white beans, lemon, garlic, and leeks) that could be tossed together with pastas or salads. Another reflected more Latin influences (e.g., black beans, corn, citrus, and salsa), promoted as a side to serve along with tacos or other entrees, or else as a meal by itself, when served alongside tortilla chips.

This emphasis on tinned fish resonates effectively with current culinary trends, including the widespread valorization of protein and consumers’ determination to get enough of it in their diets. In such a consumption context, pairing fish with

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beans—two foods that are packed with protein and fiber—offers a compelling appeal. Furthermore, these shelf-stable canned goods are comparatively affordable, meaning that they offer consumers with lower incomes a compelling solution to their protein demands.

Rising sales and brand awareness for Patagonia Provisions imply that the parent brand has finally figured out how to extend its product assortment, though not everyone agrees with that rosy prediction. Devoting its resources to develop agricultural practices and food products might represent an opportunity for Patagonia to transform farming practices in the future. Yet it cannot ignore or forget to maintain its existing, valuable brand status. The apparel and outdoor lines have achieved an enviable level of success. Patagonia's strong brand reputation evokes the kind of customer loyalty that many other brands can only dream of. But in general, it is much easier to guarantee the quality and reliability of a jacket than it is to ensure that food products provide perfectly consistent quality, especially when their production process includes experimental forays into alternative, unfamiliar products. A few questionable products could threaten to impose an unsustainable drag on the company's resources, as well as a violation of consumers' expectations of Patagonia products.

For Patagonia, the opportunity to achieve new standards of environmental protection seems worth the potential risk of damage to its reputation. But how far can it experiment with diverse product lines before that excitement sours?

Discussion Questions

1. What do you see as Patagonia's core brand image, and has that evolved since its conception? Are any of the Patagonia Provisions products at odds with this?
2. What are some other products that might have been a better compliment to Patagonia's apparel business and environmental commitment than food? What are the benefits and risks of exploring this market instead?

Sources: David Gelles, "Patagonia Changed the Apparel Business. Can It Change Food, Too?" The New York Times, September 7, 2025; "Patagonia Provisions' New Sardines & Beans Launch Exclusively at Whole Foods," NOSH, February 19, 2025; Ryan Daily, "Are Beans and Sardines the Latest Viral Seafood Trend?," FoodNavigator, March 6, 2025

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Can Luckin Replace Starbucks' Third Places?

Use with Chapter 7, "Financial Strategy," and Chapter 14, "Retail Pricing"

istockphoto / Robert Way

Since the initial introduction of Starbucks and its novel-at-the-time approach to selling coffee to consumers, more than three decades ago, the United States has developed a specific coffee culture. By design, Starbucks stores represent third places, separate from work or home, where people feel comfortable enough to visit regularly and spend time. To encourage such uses, Starbucks carefully curated its stores to maximize the relaxing, communal atmosphere. Every location boasted plenty of seating, low light, and soft music, along with friendly baristas who sought real relationships with customers. In return, it charged prices that once would have been unheard of for coffee. Following its success, most competitors in this market have adopted similar strategies.

But in recent years, Starbucks has seen sales stagnate and decline. Observers offer various reasons for the shift, ranging from growing time pressures on consumers, who feel unable to sit and linger over coffee anymore, to price pressures that force consumers to cut back on little luxuries. In response, the company has been experimenting with several strategic changes, including expanding its mobile ordering options, building more comfortable seating into stores, and reducing the ratio of baristas to customers to save costs.

Even as Starbucks looks to regain its appeal among existing customers though, it faces a new competitive threat, in the form of Luckin Coffee, a Chinese chain that has announced its plans to expand massively in North America. Four Luckin stores already have opened in New York City, spanning different districts in Manhattan.

The Chinese coffee chain's retail strategy prioritizes customer satisfaction, which it believes it can achieve by offering greater convenience and efficiency. As such, employees receive focused training in how to distribute drinks faster, especially those ordered for pickup, without reducing the quality of the beverage.

In addition to quick customer service, all stores boast menus that feature a wide variety of offerings, including fruit-flavored alternatives to classic coffee and tea drinks. Its related food offerings highlight the freshness of the baked goods. Finally, and in accordance with its focus on efficiency, the product prices are substantially less expensive: Most of Luckin's offerings cost almost one-third less than equivalent items at Starbucks.

On the basis of this appealing promise, Luckin has built a larger presence in China than Starbucks has, in less than 10 years. In Luckin's first year of operation alone, Starbucks share prices in China decreased by more than 25 percent.

Although it's too soon to predict the brand's ultimate appeal and longevity among U.S. consumers, experts seem optimistic about Luckin's potential. In support of these predictions, they point to the many other Chinese food conglomerates that have expanded into North America in recent years, often with great success.

Discussion Questions

1. Is speed and efficiency more important, or is a pleasant environment the key to appealing to the average coffee shop consumer today?
2. What other changes might Starbucks adopt now, before Luckin begins its wider expansion in North America?

Sources: Tim Balk, "As Starbucks Slumps, a Chinese Coffee Giant Sees an Opening in New York," The New York Times, September 4, 2025; "China's Luckin Coffee Opens First U.S. Stores in New York City, Taking On Starbucks," NBC Palm Springs, June 30, 2025; "Starbucks' China Rival Luckin Coffee to Open First US Store in New York City," TechNode, May 16, 2025

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Lights Out: China Leads Dark Factory Production

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

istockphoto / SweetBunFactory

It sounds like something out of a science fiction movie: a factory run completely by robots. From the mining of raw materials to final packaging, the system is completely autonomous. But China has already made it a reality, in the form of dark factories or lights-out factories. Because these operations require human intervention only on rare occasions (e.g., monitoring, repairs, software updates), they can remain completely dark, or perhaps just minimally lit, which reduces electricity costs while still allowing the system to work the same.

The luxury Chinese carmaker Zeekr, founded in the early 2020s, has achieved nearly completely autonomous factory operations. With the help of around 800 robots, its factories produce about 300,000 vehicles every year. Other countries have not achieved similar success as of yet. In the United States, Tesla promised, when announcing the launch of its Model 3, that it would manufacture the car using completely autonomous production. But after mass delays pushed the business to the brink of bankruptcy, Tesla chose to revert to its traditional assembly process instead.

The emergence and success of dark factories in China seemingly stems from its status as the global leader in production capacity and factory installations. China is responsible for almost 30 percent of the production of manufactured goods, more so than the next five countries combined. In support of such vast capabilities, it has deployed an estimated 300,000 new factory robots in 2024, almost ten times as many as are in operation in the United States.

Such dominance is reinforced and encouraged by federal incentives. In setting expanded uses of robotics and artificial intelligence as a national priority, the government has offered subsidies for adopters, as well as established beneficial regulatory policies. Qualifying businesses receive access to more affordable loan rates too, which they can use to expand their technological prowess but also to pursue more aggressive growth prospects.

Accordingly, multiple Chinese firms have signaled their ambitions. The domestic firm UBTech Robotics, in a partnership with the European aircraft conglomerate Airbus, plans to investigate and experiment with ways to integrate its robotics into aerospace construction. Similarly, UBTech reached a deal with U.S.-based Texas Instruments to integrate similar technologies into a variety of semiconductor manufacturing processes.

Discussion Questions

1. How might the global economy be affected by China’s early dominance in autonomous manufacturing?
2. What safety regulations should countries implement for autonomous testing?

Sources: Meaghan Tobin, Keith Bradsher, “There Are More Robots Working in China Than the Rest of the World Combined,” The New York Times, September 25, 2025; Ben Jiang, “China’s UBTech Partners with Airbus to Bring Humanoid Robots to Aviation Manufacturing,” South China Morning Post, January 19, 2026; Zachary Shahan, “‘Dark Factories’—Chinese Automakers Living Tesla’s Dream,” CleanTechnica, July 24, 2025.

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Why Retailers Are Moving Supply Chain Operations Out of China

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

istockphoto / suriya puhoy

Recent months have been turbulent for retailers that rely on international supply chains and trade—which means nearly every retailer competing in today’s global world. A particular challenge faces firms that depend on factories and manufacturing agents in China for their products, because the increased tariffs and vast uncertainty that mark current policies have made overhead costs untenable and logistics unpredictable.

Historically, U.S. companies moved elements of their supply chains abroad in attempts to reduce costs, in that overseas factories often could produce products with lower overhead and inexpensive labor rates. Over time, many countries have developed product-specific manufacturing expertise and strong, supportive infrastructure for their supplier networks. Such developments are especially evident in China, which has leveraged such capabilities to enhance its economic power and global standing, though it is not alone in this pursuit. Vietnam, for example, has already overtaken China’s production rates for certain consumer products, like shoes. India has also become a popular source for large-scale retailers.

These sorts of supply chain adjustments have intensified recently, especially as the political relations between China and the United States have grown more contentious. At one point, China was imposing a 125 percent tariff on all imports from the United States, a rate that the United States matched while also threatening to raise taxes on Chinese goods up to 145 percent. Both countries ultimately walked back these extreme positions, coming to a temporary truce with reduced tariff rates: 30 percent imposed by the United States and 10 percent tariffs by China. Yet this somewhat reassuring agreement remains temporary, and it can be suspended by either side at any time. Considering the historically fraught relationship between the two countries, U.S. retailers realistically recognize that things might change again, so they may need to rethink the design of their supply chains, both to reduce their dependence on China and to find other locations that can supply them with the products they sell, at more affordable (and consistent) manufacturing costs.

Some already have done so. The fashion brand Steve Madden started moving its supply chain infrastructure out of China as early as November 2024. Almost half of its products were being manufactured in China at that point, but noting the Trump administration’s pre-inauguration promise to impose tariffs, the firm’s leaders proactively worked to find alternative production locations. Even before the first policies went into effect, Steve Madden had announced its plans to build factories in Mexico, Brazil, Vietnam, and Cambodia.

As noted, such initiatives are not limited to large corporations like Steve Madden. A relatively smaller furniture retail firm, run by Simon Lichtenberg, moved its entire supply chain to Vietnam in 2025, at a cost of approximately $20 million. Yet Lichtenberg regards the expense as an investment, rather than a loss, considering the ongoing unpredictability of U.S.–Chinese relations.

Discussion Questions

1. Which retail sectors seem to have been most affected by the U.S.–China trade negotiations? Are there sectors that remain largely unaffected?
2. Choose a specific retailer and its primary product. Which overseas country would be the best location for manufacturing that specific product? What criteria did you use to come to that determination?

Sources: Alexandra Stevenson, "Why Factories Will Keep Looking for Alternatives to China," The New York Times, November 12, 2025; Ananya Mariam Rajesh, "Steve Madden to Cut Sourcing From China on Tariff Worries Under Trump," FashionNetwork USA, November 7, 2024; He Huifeng, "How China's Tech Transformation Is Putting the 'World's Factory' in a Tough Spot," South China Morning Post, March 21, 2026.

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Seas the Day: Red Lobster Reinvents Itself

Use with Chapter 11, “Customer Relationship Management,” and Chapter 12, “Managing the Merchandise Planning Process”

istockphoto / Chuck Bennet

The recent history of Red Lobster has been a real rollercoaster (see, for example, “What If the Pricing Promotion Is Too Popular? Ask Red Lobster” from our January 2024 newsletter). Once known for its promise to supply diners with literally endless amounts of shrimp, the restaurant chain sought to leverage the popularity of a limited-time promotion by extending it throughout the year. As we discussed in previous abstracts, the strategic shift proved unwise. It was financially untenable to keep giving people all the shrimp they could eat, and extending the promotion made it seem less special.

Faced with a serious crisis and impending threat to its very survival, the company undertook a radical shift by bringing in new leadership. Previously the CEO of P.F. Chang, Red Lobster’s new head Damola Adamolekun has committed to turning the ship around. Immediately and unsurprisingly, he retired the endless shrimp promotion. But at the same time, he imposed substantial cuts to the chain’s menu, seeking to reduce the cluttered, confusing list of options by approximately one-fifth its size. Having eliminated a lot of poor sellers, Adamolekun introduced a few replacement menu items, which have been designed explicitly to appeal to diverse customers’ taste preferences. Thus, the new menus feature some globally inspired additions, like lobster Pappardelle, as well as safe favorites such as bacon-wrapped scallops.

Perhaps reflecting Adamolekun’s youthful perspective—the new leader is just 37 years of age—this pivot also involves an aggressive social media approach, which highlights the restaurant’s determination to be responsive to customer preferences. For example, having received requests for specific sausage pairings on the menu, Red Lobster readily introduced Cajun-inspired and Old Bay–seasoned bratwursts to the menu.

Although these novel efforts add some much-needed youth and vitality to the restaurant, Adamolekun also emphasizes his clear recognition of the restaurant chain’s roots. Red Lobster has long benefitted from its strong, enduring ties with the Black community. When the first store opened in 1968, the restaurant immediately established and distinguished itself as a place where all customers were welcome, and it made inclusive hiring a foundation in designing its workforce. As the chain grew, so did its place in popular Black culture, earning recognition and call-outs from stars like Beyoncé and Tyler Perry.

To acknowledge this history and build on it for the future, some special promotions feature nostalgic menu items that harken back to Red Lobster’s heyday. Seafood boil bags are the most visible, and most popular, addition so far. Within the first week they had been introduced, they accounted for an estimated 80 percent of sales. Citing such evidence, Adamolekun has expressed confidence in the chain’s ability to continue trending in the right direction over time. With its long, storied history, Red Lobster has an enviable foundation from which to start.

Discussion Questions

1. Does ending the well-known endless shrimp promotion hurt Red Lobster’s ability to retain cost-conscious customers?
2. How might the chain still position itself as an affordable choice, while still making the necessary menu changes?

Sources: Korsha Wilson, “Red Lobster Is Betting on Black Diners with Its Brand Comeback,” The New York Times, August 22, 2025; Pete Gannon, “Red Lobster’s Next CEO,” Axios, August 26, 2024; Rachel Ventresca and Nick Lichtenberg, “Red Lobster’s 36-Year-Old CEO Isn’t Repeating the Chain’s $11 Million Endless Shrimp Disaster. But He Is Reading All of Your Social Media Comments,” Yahoo! Finance, July 25, 2025

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At Your Convenience: 7-Eleven Introduces Japanese Store Formats in America

Use with Chapter 12, “Managing the Merchandise Planning Process”

As the name suggests, convenience stores are designed to make one’s life, well, more convenient. But in some parts of the world, convenience stores are more than just quick, easily accessible solutions to daily needs. They represent a valuable, integral part of the retail landscape. In Japan, for example, convenience stores are known for their wide selection of fresh, high quality foods.

Could such offerings work in the United States? The newest CEO of 7-Eleven’s parent company is determined to find out. Raised in both Japan and the United States, Stephen Dacus grew familiar with both models for convenience stores. In his role as CEO of Seven & i Holdings, he also has grown familiar with the threats and opportunities facing the brand. In particular, Japan is experiencing serious population declines, along with reduced opportunities for retail growth, such that Seven & i needs to turn its attention to other markets.

Notably, 7-Eleven is the largest convenience store chain in the United States, but the company previously had embraced a strategic shift in focus, seeking to expand in Japan. In seeking new routes for growth, Dacus has determined that one option is to introduce some of the high quality offerings available to Japanese consumers in U.S. stores. For example, U.S. visitors to Japan have long praised the fresh egg salad sandwiches they can find in the Asian nation’s stores. Accordingly, the transformation started with the introduction of this cult favorite in U.S. 7-Eleven locations.

Although U.S. consumers tend to prefer and spend more on frozen prepared food, which represents the standard for many grocery and convenience store chains, their demand for affordable, high-quality, and freshly prepared foods also has increased. In the industry more widely, convenience stores that emphasize their fresh offerings, or that even go so far as to have rebranded as food destinations, seem to be enjoying stronger draws among customers. Furthermore, the margins that retailers can charge on prepared foods tend to be greater than those available for most other food items.

The expanded options in store represent the first step in a carefully planned campaign to expand in other ways as well. In coming years, 7-Eleven plans to create 1,300 more locations in North America, branded specifically as food-forward destinations. These new, relatively large locations will feature in-store restaurants, decorated with modern furnishings and a casual vibe. Already, redesigns have been implemented in more than 1,000 existing stores, seeking to transform them from quick convenience stops into places to linger for a while. The company anticipates that the larger, food-forward hubs will generate nearly 1.5 times the sales achieved by traditional convenience store locations.

Discussion Questions

1. Which existing convenience chains already have the reputation of being food-forward? Have you seen their popularity increase recently?
2. Will this expansion strategy work for all convenience chains? Which features might translate well and which are specific to what 7-Eleven’s strengths are?

Sources: River Akira Davis, “Is America Ready for Japanese-Style 7-Elevens?” The New York Times, September 9, 2025; Jennifer Mattson, “Why More Customers Are Skipping McMuffins for Gas Station Grub,” Fast Company, September 15, 2025; Irene Dong, “7-Eleven Ramps Up New Restaurant Store Format in the US,” Inside Retail Asia, August 15, 2025.

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A Dupe Dilemma: Lululemon Sues Costco Over Alleged Infringement

Use with Chapter 14, "Retail Pricing"

istockphoto / FinkAvenue

Lululemon's success stems from a combination of factors: awareness of consumer trends embracing look-good, feel-good wellness pursuits; a reputation for providing relatively fashion-forward workout appeal; and pricing that finds a good balance between those aspects. Because Lululemon gear provides both symbolic and functional value, the brand can justify the relatively expensive prices it charges for its leggings, jackets, and socks.

But popularity and notoriety can come with their own prices. Noting the popularity of Lululemon apparel, competitors in the crowded athletic and athleisure clothing markets have sought to mimic its success, and its style, by introducing "dupes" or duplicate versions. There's a vast market in dupes, especially for Lululemon gear, such that #LululemonDupes remains a popular hashtag on social media. According to Lululemon though, some of those dupes cross the line into trademark infringement, as alleged in its suit against Costco.

The suit claims that certain workout pieces sold in Costco—known for its low cost offerings—resemble Lululemon's proprietary designs too closely. Beyond broad similarities in color, material, shape, or function, as might be accepted in copycat products, it asserts that the items in contention exactly replicate the silhouettes, seams, and accents that the brand has sought to establish as markers of its own, distinctive identity and appeal.

In support of its claims, Lululemon provided evidence involving three product lines: Define jackets, Scuba jackets, and ABC pants. In side-by-side comparisons submitted to the courts, it showed how its Define jacket collection—which it promotes as overwear that can help people transition easily from a strenuous run into everyday chores—features a unique, tailored silhouette, achieved by stitching the back panels together in a novel way. Then it showed how the Jockey Ladies Yoga Jacket carried by Costco featured the same seaming along the back, producing the flattering silhouette that helped make the Define so popular. It also indicated the price difference: $168 for Lululemon's Define design, $17 for the Costco dupe.

Another jacket, the Scuba from Lululemon, retails at $128 and features a distinctive zipper location on the front, as well as creative pocket placements. The Danskin Half-Zip Hoodie at Costco, selling for $8, displays the exact same zipper and pocket locations. The other example listed in the suit sought to set up a consistent argument, showing how the Kirkland 5-Pocket pants ($20) copy Lululemon's ABC pant ($128), with almost imperceptible variations in coloring, pant leg style, and sizing.

According to Lululemon, because Costco is so well-known for selling private-label versions of national brands, the dupes create an unacceptable risk of increasing consumers' confusion. That is, shoppers at Costco likely are aware that, for example, the Kirkland brand diapers on the shelves are made in the same manufacturing plant that Huggies diapers are. Thus, they might be forgiven if they believe that Kirkland-branded jackets or pants that look just like Lululemon versions actually are being produced by Lululemon.

There's where the problem lies. To maintain its brand strength and price positioning, Lululemon needs to ensure that all its products offer high quality. If consumers get confused and believe that a dupe is made by Lululemon, and then that dupe offers poor quality, it arguably harms the brand's hard-won position

Notably, only the dupe of the pants carries Costco's in-house Kirkland brand. The others appear sourced from external manufacturers (i.e., Jockey and Danskin). Still, the company claims that the significant research and development it conducts to ensure that its products function at the standard that customers have come to expect deserves protection as intellectual property that others should not be allowed to copy.

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Discussion Questions

1. What is the standard or threshold that applies, when it comes to defining a similar, copycat product as a fair dupe versus an illegal infringement? Has Costco crossed that line, in your opinion?
2. Analyze Lululemon's pricing strategy, in light of its claims here. Why is it so determined to protect its designs from being mimicked by other firms, especially those that sell at lower prices?

Sources: Blake Brittain, "Lululemon Sues Costco for Allegedly Ripping Off Clothing Designs," Reuters, June 27, 2025; Eric Goldman, "Analyzing the Lululemon v. Costco Dupe Suit," Technology & Marketing Law Blog, July 9, 2025; Kelly Tyko, "Lululemon Sues Costco Wholesale for Selling Alleged Dupes," Axios, July 1, 2025; Micah Barkley, "Lululemon Gets Aggressive About Lookalikes with Costco Lawsuit," Bloomberg, July 2, 2025

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Talking Shop at the Top: Retail Leaders Reshuffle

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

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Becoming the chief executive of a global retail firm might seem like a dream. It implies reaching the top of a competitive field, earning millions in compensation, and having the opportunity to reorient and determine the future of hundreds of stores, thousands of employees, and millions of consumers. So why do all these new retail CEOs seem so worried?

Current trends make retail leadership even more challenging and uncertain than ever before. Inconsistent tariff policies mean it's nearly impossible to establish clear, confident cost predictions. Consumers are exhibiting an ongoing crisis of confidence, unsure about how far their disposable income can go and unwilling to spend more than they must. As these macro-level trends add pressure to the business, employees worry about the threat of layoffs and store closures. Meanwhile, shareholders continue to clamor for sufficient returns on their investments, demanding the retail leaders find novel sources of substantial revenue.

Together, these trends have prompted new approaches to leadership in many firms. It appears that more companies are willing to take a risk and appoint a brand new CEO, someone without prior experience in that role, in the hope that their perspective will be radically different and powerfully effective. Another notable trend involves "listening tours," such that new leaders make it a priority to solicit direct feedback from employees across the hierarchy, to determine what problems they see and what solutions they might prefer.

These tours had better be short though. To keep boards and investors happy, new retail CEOs need to devise and start implementing their strategy within the first three to six months after their appointment. Once they've done so, experts note that they only have about a year to prove it works. If they don't, they face another notable trend in modern retail: massive turnover among leadership ranks.

Compared with many other industries, retailing sends leaders packing far more quickly and more often. When calculating all turnover among executives, retail firms account for approximately one-quarter of firings. Whereas CEOs in technology sectors can count on an average 10-year tenure, and finance executives average nearly 9 years, chief executives in retail last less than 6 years on average.

Discussion Questions

1. Having read about these challenges, would you still want to lead a retail chain at some point in your careers?
2. Should new retail leaders be evaluated with the same standards, despite the unprecedented conditions they face?

Sources: Jordyn Holman, "A Bad Time to Take the Helm? New Retail Leaders Face Extra Headaches," The New York Times, September 27, 2025.

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Agentic AI Is Here for the Assist

Use with Chapter 18, “Customer Service”

istockphoto / Khanchit Khirisutchalual

Human assistants often spend their days taking notes, booking travel, following up on outstanding material from other sources, and reminding their bosses of deadlines. As depicted famously in The Devil Wears Prada films, unlucky employees even might find themselves tasked with completing a range of personal requests, such as picking up dry-cleaning, compiling holiday gift lists, or booking private events. Across these tasks, whether reasonable or excessive, the common element is that assistants must function like a quiet, logical organizational center that runs in the background, dealing with the clutter of everyday chores and deadlines, so their employers can focus more consistently and clearly on their critical, creative, or executive tasks.

Such work thus requires someone who is detail-oriented and able to execute rote, boring tasks consistently and at nearly any time of day. Details, rote tasks, constant availability, working in the background, and precise consistency—those are the exact features that existing and emerging iterations of agentic artificial intelligence (AI) promise to offer.

In retailing contexts for example, mass merchandisers like Target and Walmart have integrated AI systems into their chat features, to help shoppers sift through vast information at exponentially quicker rates. Rather than sending a human assistant to the store to grab a host gift for the dinner the executive is attending that night, users can task ChatGPT to connect to third-party e-commerce checkouts and purchase a flower arrangement directly from its interface, as well as have those flowers sent to the site of the dinner, just before the party starts. Google Shopping’s speech-enabled bot even can conduct simple conversations with local stores to confirm the availability of specific items.

Other iterations are prominent in tourism sectors. Leading online travel agencies, including Priceline, Expedia, and Kayak, have introduced tools to support automated reservations, and Google is actively working to join the competition through its search sites. The travel-oriented AI tools handle cross-site aggregation tasks efficiently and effectively, such that they are able to search for ticket prices or resort discounts across multiple platforms, while setting alerts for updates and registering changes in real time. Recent estimates indicate that four out of five travel companies plan to adopt some form of autonomous AI in coming years.

With regard to users’ reactions to and reliance on such digital assistants, existing findings seem promising. In retail sectors, almost half of respondents to one survey reported that they had used AI to facilitate their holiday shopping in a recent year. That percentage rose dramatically when focusing solely on millennial and Gen Z survey respondents. Opinions about AI-augmented travel searches appear somewhat more mixed though. One survey suggested that approximately one-third of customers feel comfortable using AI to make travel plans, and according to the industry news site Skift, nearly all consumers it contacted had found reliable information through an AI-optimized search. But a State of Travel 2025 report suggested that only one in eight users indicated they would trust AI to make independent decisions. Virtually no one agreed that they had sufficient confidence to allow AI agents to make or change their travel itineraries without any oversight.

Emerging enhancements and new agentic iterations of AI promise to execute and complete more multistep processes independently, such that they appear capable of performing long-term planning and decision-making, similar to the way a human assistant might. But just as bosses might worry about the capabilities of a new human assistant, users remain skeptical of the performance achieved by AI-enabled assistants, especially for critical decisions like travel. Over time, an effective

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assistant who demonstrates their reliability and capabilities can gain their bosses' trust. Accordingly, we might predict that if AI agents continue to perform well, they also will continue to take over more tasks from busy users.

Discussion Questions

1. This abstract presents AI assistants performing shopping and travel booking tasks. What other regular or daily tasks might consumers be interested in assigning to an assistant, and how effectively can current AI systems perform those tasks?
2. Using your preferred AI system or chatbot, ask it to book a hypothetical trip for your next vacation, using whatever parameters you prefer. Review its recommendations. How well did it do? Did this experiment make you more or less likely to trust travel information gathered by an AI agent, without confirming its recommendations?

Sources: Gabe Castro-Root, "What Is Agentic A.I., and Would You Trust It to Book a Flight?," The New York Times, November 25, 2025; Natallie Rocha and Kailyn Rhone, "A.I. Can Do More of Your Shopping This Holiday Season," The New York Times, November 25, 2025.

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Tidbits

Kroger Is Paying the Price for its Bet Big on Automation

Use with Chapter 3, “Digital Retailing”

Ripples spread across financial sectors when the supermarket chain giant Kroger announced plans to close three of its recently opened automated locations. Each store had started up only a few years before, heralded as the first stage of the company’s drive into the future. In a partnership with the Ocado e-commerce grocery platform, Kroger borrowed Ocado’s existing systems to design its software and robotics, then integrated the resulting Smart Platform into eight fulfillment centers. The goal was to complete vast numbers of digital orders efficiently and thereby offer shorter turnaround times and more diverse delivery options. But online grocery orders have not matched optimistic predictions, such that Kroger has not been able to establish economies of scale that might justify the costs associated with operating independent fulfillment centers dedicated solely to e-commerce. In a revised strategy, Kroger plans to expand its partnerships with third-party food delivery partners, like UberEats and Door Dash. It also anticipates that it will recover from the failed experiment, citing an overall annual profit goal that was nearly half a billion dollars more than the results it achieved last year. Ocado also made out well, receiving a settlement worth more than one-quarter of a billion dollars. But for workers, the closure of the fulfillment centers means layoffs; reports from a single facility in Groveland, Florida, suggest that 1,400 employees were left out of work following its shuttering.

Sources: Anuja Bharat Mistry, “Kroger to Close Some Automated Facilities, to Incur $2.6 Billion Charge,” Reuters, November 18, 2025; “Kroger to Close Automated Fulfillment Center in Groveland,” WKMG-TV, November 18, 2025; Scott Harrell, “Lake County Releases Statement on Kroger Distribution Center Closing,” 352today, November 18, 2025.

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