

# RETAIL



**InView**  
**Q2 2018**



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## General Retail Trends

- ▶ In the first quarter of 2018, the vacancy rate in large shopping malls in 77 metropolitan areas increased to 8.4%, the highest level since the last quarter of 2012. Neighborhood and community shopping centers in 41 of 77 markets also experienced an increase in vacancy for the year ending March 31. Overall, the first quarter was a very slow quarter for retail space leasing and construction. *(Source: The Wall Street Journal, April 1, 2018)*
- ▶ Several researchers recently released reports which identify the retailers with the best customer experience – each with different retailers at the top of their rankings. One customer experience survey of 10,000 U.S. consumers found Ace Hardware and Dollar Tree tied for first place. Another research effort focused on shopper loyalty and used net promoter scores of 50 top U.S. retailers and ranked Costco tops at 42. Another research company evaluated 42 multichannel retail brands' customer experience quality and rated Trader Joe's as having the best. *(Source: Chain Store Age, April 9, 2018; Retail Dive, April 20, 2018; RIS News, June 20, 2018)*
- ▶ More than 90 million square feet of retail space is forecast to close this year. It is possible that last year's record of 105 million square feet of space closed will be surpassed. Retailers who have eliminated retail space this year include Toys R Us, Sam's Club, and Bon-Ton. Gap, Macy's, J.C. Penney, and Signet may close more stores than previously planned. Sears, Guitar Center, J. Crew, and David's Bridal are all on watch lists for defaulting. *(Source: CNBC, April 18, 2018)*
- ▶ According to one analysis, retailers who have a 9.99% to 50.0% chance of filing for bankruptcy in the next 12 months include: J. Crew, Neiman Marcus, Sears Holding, 99 Cents Only, GNC, and Fred's Pharmacy. *(Source: Retail Dive, April 25, 2018)*
- ▶ The top five retail concepts in shopping center developments are: food halls, pop-up shops, fast-casual dining, showrooms, and experiential retail. By 2025, food and beverage retailers are expected to occupy 20% of total retail space in America. *(Source: Chain Store Age, May 21, 2018)*
- ▶ Retailers that made Fortune's list of the 500 largest companies in the U.S. ranked by revenue include:



Retailer	Ranked by Revenue	Retailer	Ranked by Revenue
Walmart	\$500 billion	Albertson's	\$59 billion
CVS Health	\$184 billion	Best Buy	\$42 billion
Amazon	\$177 billion	TJX	\$35 billion
Costco	\$129 billion	Publix Super Markets	\$34 billion
Kroger	\$122 billion	Rite Aid	\$32 billion
Walgreen Boot Alliance	\$118 billion	Macy's	\$24 billion
Home Depot	\$100 billion	Dollar General	\$23 billion
Target	\$71 billion	Dollar Tree	\$22 billion
Lowe's	\$68 billion		

*(Source: RIS News, May 29, 2018)*

- ▶ More than 1,000 department store locations are forecast to close between 2018 and 2023, reducing total retail footprint by 20%. Due to lower-traffic and lower sales regional malls will be more affected than premium malls. Other factors which will adversely affect shopping malls are growing online sales of apparel, an aging population, a shift from goods to services, and growth of nontraditional retail channels such as rental and subscription.

*(Source: Retail Dive, May 29, 2018)*



- ▶ Retailers are making plans to step in and step up their presence in toy retailing as Toys R Us withdraws from the market. Walmart and Target have both announced plans to increase their toy offerings. Kohl's and J.C. Penney have both expanded their toy assortment and plan to do so further before the holidays. Amazon also hopes to snatch more market share as online toy and game sales in the U.S. have grown from \$2.57 billion in 2012 to \$5.47 billion in 2017. *(Source: Retail Dive, June 4, 2018)*
- ▶ Co-working spaces are teaming up with retailers on pop-up shops, lifestyle events, exclusive collections, and perks for space members. WeWork is even sharing space with Lord & Taylor in New York City. The jury is still out as to whether these partnerships with co-working spaces will prove successful for retailers. *(Source: Retail Dive, June 13, 2018)*
- ▶ May retail sales increased 0.7% at a seasonally adjusted rate over April and a 5.6% unadjusted rate year-over-year. The three-month moving average was up 4.6% over the same period a year earlier. The online and non-store sector had the strongest performance at 9.1% growth year-over-year. Clothing and accessory stores were up 8.2% while general merchandise stores recorded a 5.6% increase. Building material and gardening stores grew 5.3% and grocery stores sales rose 4.4%. Sporting goods stores were the only segment to decline year-over-year with a -0.5% drop.

*(Source: NRF press release, June 14, 2018)*

- ▶ A survey of adults who had visited a mall more than three times in the past 12 months found 60% like shopping at the mall for apparel while 39% value having multiple retailers in one location. Other reasons for shopping at the mall include an enjoyable outing for family and friends (24%), convenient way to quickly find a gift (20%), and a chance to compare prices and products across several stores (18%). More than half of consumers do most of their shopping online. The top reasons for not shopping at malls are ecommerce provides more options (40%) and avoiding crowds and the hassle of parking (38%). *(Source: eMarketer, June 20, 2018)*



# Convenience Stores

- ▶ A shift from gasoline to electric-powered vehicles could upend the convenience store industry. Today, roughly half of in-store sales come from customers who also purchased gasoline. Gas stations account for 75% of cigarette sales and 60% of energy drink sales. *(Source: The Wall Street Journal, March 30, 2018)*
- ▶ RaceTrac's new concept convenience stores feature a made-to-order, fresh food program which includes a deli counter. Guests order their food on a touchscreen kiosk and then watch store staff prepare sandwiches, wraps, pizza, and specialty beverages including smoothies and shakes. An extensive collection of grab-and-go offerings is also available. *(Source: Convenience Store News, April 5, 2018)*
- ▶ According to a new report, the average number of items on the prepared foods menus in convenience stores is 85, up 21% since 2015. The breakfast daypart is driving the growth in items. *(Source: CSP Magazine, March 2018)*
- ▶ The convenience store brands with the highest customer loyalty for fuel, as measured by the percentage of respondents who said they "almost exclusively" purchase gasoline at the brand's locations, are Cumberland Farms (67%), Wawa (65%), Kwik Trip (65%), QuikTrip (63%), and Sheetz (61%). The top factors for choosing a convenience store for a gasoline purchase are fuel price (73%), good lighting (53%), payment options (52%), fuel quality (52%), and ease of getting in and out (49%). *(Source: CSP, April 2018)*
- ▶ 7-Eleven store sales increased 14% to \$29 billion in 2017. A 22% increase in U.S. store sales is projected for 2018 due to the acquisition of 1,000 Sunoco stores. The acquisition gives 7-Eleven about 9,700 stores in the U.S. *(Source: CSP, April 5, 2018)*
- ▶ The National Association of Convenience Stores reported sales through the channel rose 9.3% to \$601.1 billion in 2017 and profits were up 1.6% to \$10.4 billion. Fuel sales increased 14.9% largely due to gas prices that rose 12.8% but also because the number of gallons sold rose 1.9%. In-store sales increased 1.7% to a record \$237 billion. Foodservice accounted for 22.5% of in-store sales and 33.9% of gross profit. Other key categories in the channel were tobacco (34.1% of in-store sales) and non-alcoholic packaged beverages (15.8%). *(Source: Chain Store Age, April 11, 2018)*
- ▶ A quarterly study of foot traffic in the convenience store/fuel station channel found Speedway recorded the most visits among chains with 1,000 or more locations while Costco was tops among those with 250-999 locations. More than 53% of visits to this channel last less than five minutes. Convenience stores that emphasize their in-store offerings and loyalty programs tend to have more traffic. A strong correlation between customer satisfaction with the brand and its foot traffic was also found. *(Source: Convenience Store News, May 3, 2018)*
- ▶ Phillips 66 plans to integrate Mastercard's Masterpass digital payment services into the My Phillips 66 App to give customers another secure payment option at both the pump and in-store. The payment option will work at more than 6,500 Phillips 66, Conoco, and 76 locations across the U.S. *(Source: Convenience Store News, April 9, 2018)*





- ▶ A poll of more than 11,500 consumers named Cumberland Farms the most popular traditional convenience store/gas station while Costco was consumers' favorite other retailer with gasoline. Murphy USA was highest rated for fuel prices while Phillips 66 took top honors for fuel quality. Kwik Trip was noted as having the friendliest cashiers and best merchandise selection. QuikTrip led in location safety, appearance, and speed of service. *(Source: Convenience Store News, May 16, 2018)*

- ▶ Nine convenience store and gasoline companies appeared on the most recent list of America's Best Employers from Forbes: Sheetz (#42), Energy Transfer (parent of Sunoco and #60), Kwik Trip/Kwik Star (#68), Wawa (#126), QuikTrip (#165), Marathon Petroleum (#193), Chevron (#227), Phillips 66 (#321), and ConocoPhillips (#316). *(Source: Convenience Store News, May 4, 2018)*



- ▶ A segmentation of convenience store customers identified four main clusters. Value consumers are bargain hunters who choose a store based on safety and account for 43.25% of shoppers. The price segment is looking for the lowest prices, especially for gasoline. This group makes up 26.4% of customers. The convenience cluster, 16.8% of shoppers, focus on location when choosing where to shop. This group is most trusting of food quality, most likely to buy craft beer, and most likely to use delivery services. The last segment, the health cluster, consists of 13.55% of consumers and is the most likely to purchase elevated fare. *(Source: Convenience Store News, May 3, 2018)*

- ▶ Kwik Trip/Kwik Star has enrolled one million members in its new loyalty program. Kwik Rewards was launched in February. To celebrate the milestone, a contest open to registered rewards members will award free fuel for a year. *(Source: Convenience Store News, May 11, 2018)*

- ▶ Chevron is rolling out a new marketing campaign for its Chevron and Texaco fuels. The campaign will build on the previous message of the cleaning power of Techron by tying it to related benefits of "unbeatable mileage." The campaign includes a promotion to award a year's worth of free gas every day in June. *(Source: Convenience Store News, May 22, 2018)*

- ▶ 20th Century Fox will promote its film, "Deadpool 2," with an integrated campaign tie-in with 7-Eleven stores. An ad will show 7-Eleven employees reacting to the havoc Deadpool has created at their stores including tagging windows and walls, modifying Slurpee cups, building towers of chimichangas, and planting confetti bombs. Customers can also use 7-Eleven's app to activate an augmented reality experience where Deadpool appears in the stores and guides the shopper through a series of activities and rewards. 7-Eleven locations will sport Deadpool messages and doodles and sell branded items such as collectible cups and straws. *(Source: Ad Age, May 7, 2018)*



- ▶ Customers at Love's Travel Stops will now be able to pay for their fuel through the GasBuddy app. The program is an extension of GasBuddy's Pay with GasBuddy card program which offers a discount. GasBuddy expects to introduce mobile payment programs with other fuel retailers with the goal of reaching 20% of all U.S. gas stations by the end of the year. *(Source: Convenience Store News, May 23, 2018)*

- ▶ Circle K and Monster Beverage are teaming up on a sweepstakes to offer Easy Rewards loyalty program members a chance to hang out with Ultimate Fighting Championship mixed martial artist fighter Donald “Cowboy” Cerrone. One winner will spend two days at Cerrone’s fitness ranch in New Mexico while 200 other winners will receive a Hydro cinch bag.

*(Source: Convenience Store News, June 8, 2018)*



- ▶ Texas-based Buc-ee’s had the highest rated gas station restrooms in the country according to a summer travel survey. *(Source: Convenience Store News, May 18, 2018)*

- ▶ Since 2014, the convenience store industry has registered a decline of one trip per person per week. The trend is heavily driven by millennials who shop differently than older generations. Millennials make 96 retail trips per year versus the 119 trips all consumers make. The National Association of Convenience Stores identifies reasons for the declining number of trips including increase in fuel prices, growth in e-commerce, aggressive tactics from quick service restaurants, financial stagnation among lower-income households, and the political climate affecting Hispanic consumers. *(Source: CSP, May 24, 2018)*

- ▶ BP won a 2018 Shopper Marketing Effie Award for its fuel pump with a personality, Miles. The interactive fuel pump communicates with drivers while they are refueling quizzing them with trivia questions, taking Snapchat-like photos for sharing, providing news and weather, and playing customers’ favorite songs through Pandora. The launch of Miles included heavy public relations efforts, short videos spread via social media, and radio spots. *(Source: Convenience Store News, May 29, 2018)*

- ▶ Cumberland Farms launched a summer sweepstakes, “Summer of SmartPay.” Customers who pay with Cumberland Farms’ SmartPay Check-Link will be automatically entered for a chance to win the grand prize of free gasoline for one year. A grand prize winner and 80 runners-up, who will receive 50 gallons of free gasoline, will be selected at the end of June, July, and August. SmartPay saves users 10 centers per gallon of gasoline purchased and offers in-store rewards for every 50 gallons of gas purchased. *(Source: Convenience Store News, June 4, 2018)*

- ▶ Amazon has reportedly leased space in Chicago for two Amazon Go cashier-less convenience stores. One space is in the 110-story Willis Tower (formerly the Sears Tower) which has an average daily foot traffic of 25,000 and is also two blocks from Union Station, one of the city’s largest train hubs. The other space is in the Ogilvie Transportation Center.

*(Source: Retail Dive, June 11, 2018)*

- ▶ Sheetz announced the “My Free Ride Summer Sweepstakes” which will give customers a chance to win either a 2018 vehicle or \$50,000 cash. The sweepstakes will run from June through August and one winner will be chosen at the end of each month. To enter, customers must purchase specific promotional combos for the month using their MySheetz Card. *(Source: Convenience Store News, June 1, 2018)*



- ▶ 7-Eleven and Coca-Cola are teaming up on a 2018 FIFA World Cup promotional effort which will reach customers at 61,000 7-Eleven locations in 14 countries. The international fan experience will include exclusive Coca-Cola products tied to the World Cup as well as promotions and prizes. The two brands partnered on a similar effort in 2014 and about 35,000 stores participated. *(Source: Convenience Store News, June 15, 2018)*

## Department Stores

- ▶ Nordstrom opened its first full-line store in Manhattan dedicated to men's clothing, shoes, and grooming supplies. The store will combine cutting-edge technology and in-store service to offer everything from shoe shines and onsite tailors to custom-made jackets digitally displayed on an avatar of the shopper and return kiosks. The store will also feature the department store's signature customer service promising to meet customers at a store day or night to pick-up items ordered online. A larger women's store will open across the street in 2019. *(Source: The New York times, April 8, 2018)*
- ▶ Macy's acquired the concept store, Story. Located in Manhattan's Chelsea neighborhood, Story is a 2,000-square-foot store which unveils a new theme every couple of months. Story's founder will become Macy's brand experience officer and focus on ways to enhance the department store's in-store customer experience. Story will operate as usual with rotating themes. *(Source: Chain Store Age, May 2, 2018)*
- ▶ Kohl's decision to accept Amazon returns in some of its stores has resulted in new shoppers for the department store. An estimate 56% of shoppers returning an Amazon purchase at Kohl's are either new shoppers or shoppers who had not visited Kohl's since at least July 1. By comparison, 43% of Kohl's shoppers are new to the chain. The retailer has had discussions with the online giant about expanding the pilot to additional stores. *(Source: Bloomberg, May 7, 2018)*
- ▶ Macy's Star Rewards loyalty program will be opened to all customers. Previously, only Macy's cardholders were eligible for membership. Customers without a Macy's credit card qualify for the Bronze tier which features bonus points on certain days as well as other offers, perks, and a birthday surprise. Cardholders are eligible for Silver, Gold, and Platinum tiers depending on annual spending levels. *(Source: Chain Store Age, May 10, 2018)*
- ▶ Macy's redesigned its Instagram feed to make it more modern with an emphasis on street-style images. It will also have more shoppable elements. A separate Instagram account will focus on men's fashion. In addition, a new group of fashion ambassadors will be joining the #MacysStyleCrew for a summer campaign. A new television commercial shows women shedding winter clothing for summer attire. *(Source: Marketing Dive, May 16, 2018)*
- ▶ J.C. Penney CEO, Marvin Ellison, abruptly resigned after three years. Ellison is leaving the department store to become the chief executive at home improvement chain Lowe's. Ellison worked at Home Depot before joining Penney's. His resignation comes in the middle of a turnaround plan that Ellison put in place. *(Source: The Dallas Morning News, May 22, 2018)*
- ▶ Sears announced it plans to close 72 non-profitable stores after reporting a 31% decline in net revenues and a net loss of \$424 million for the first quarter. About 820 Sears and Kmart stores will remain after the closures. Five years ago, the retailer had approximately 2,000 locations. *(Source: The Washington Post, May 31, 2018)*



- ▶ Kohl's is launching a new loyalty program, Kohl's Rewards, which will combine elements of three different point-earning programs. Customers with a Kohl's credit card will earn 10% Kohl's Cash on every purchase made with the card. Shoppers without a Kohl's credit card will earn 5% Kohl's Cash on their purchases. All shoppers will receive \$10 of Kohl's Cash for every \$50 spent during sales events. The Kohl's app will help members keep track of their cash which can be earned both in-store and online. Kohl's credit card holders who spend more than \$600 in a calendar year receive free online shipping and early access to Black Friday sales. The new loyalty program will be tested in 100 stores this year and rolled out nationwide in 2019. *(Source: Chain Store Age, May 22, 2018)*



- ▶ Nordstrom plans to open two additional merchandise-free stores in the Los Angeles market. The first store using this concept opened in West Hollywood in October 2017. The concept focuses on stylist consultation, online ordering, order pick-up, tailoring, and ancillary services. It is meant to complement, not replace, other Nordstrom stores. *(Source: Retail Dive, May 31, 2018)*
- ▶ Macy's store employees and personal stylists can now apply to be a part of the Macy's Style Crew program in which they promotionally feature Macy's products and services on their own social media feeds. The brand ambassador program began last fall with 20 employees and has grown to more than 300 participants. Brand ambassadors receive a portion of the profit, similar to a commission. *(Source: Glossy, June 1, 2018)*
- ▶ Hudson's Bay announced it will close up to 10 Lord & Taylor stores and not reopen its flagship location on Fifth Avenue in Manhattan. As of May 5, the company had 48 Lord & Taylor locations. The move comes as Hudson's Bay's sales declined 0.7% for the three months ending May 5 and its net loss from continuing operations totaled \$242.8 million for the quarter. *(Source: The Wall Street Journal, June 5, 2018)*
- ▶ Fanatics opened sports team apparel shops in 325 J.C. Penney stores and announced plans to be in 650 stores when the back-to-school shopping season kicks off. Premium Fanatics shops will occupy 1,300 square-feet of space in 50 top markets for sports while other markets will have 650 square-feet shops. Fanatics have had Sports Fan Shops on Penney's website since 2014. *(Source: Retail Dive, June 11, 2018)*
- ▶ Macy's announced it will scale The Market @ Macy's, a rotating selection of featured products across the beauty, apparel, and accessories categories, to more locations. Currently, The Market @ Macy's is in 10 stores. Technology from b8ta will make it easier for more brands to sign up to be a part of The Market @ Macy's and will help the retailer size and format locations. The Market @ Macy's is positioned as a platform for discovering new products and brands. *(Source: Global Cosmetics Industry, June 15, 2018)*
- ▶ Nordstrom has recruited four comedians to promote its anniversary sale. Each comedian filmed a short video for the "Show Us How You #NSale" sweepstakes. Shoppers can submit an anniversary sale photo or video on social media or online using the hashtag for a chance to win a \$500 gift card to the store. The marketing effort will include social, digital, print, out-of-home, shopping bag, in-store displays, and an anniversary sale catalog. *(Source: Marketing Dive, June 26, 2018)*





## Discount Department Stores

- ▶ Walmart is relaxing its dress code for employees. The retail chain will now permit shirts of any solid color, blue jeans, and jeggings. Leather, prints, distressed materials, patches, white stitching, bedazzled clothing, yoga pants, sandals, and Crocs remain off-limits. Walmart employs 10% the U.S. retail workforce. *(Source: Fortune, April 20, 2018)*
- ▶ Walmart is testing new technology which allows store staff with mobile devices to check out customers on the floor. The technology will first be used in 350 stores' Lawn & Garden Centers where mobile checkout is most needed. The new service is called "Check Out With Me." *(Source: TechCrunch, April 19, 2018)*
- ▶ Target's limited-time-only design collaboration with Hunter will not include its signature rain boots. The boots that were produced did not meet quality standards for either Target or Hunter and will be recycled. Target will sell apparel, bags, backpacks, coolers, sneakers, and slides from Hunter. *(Source: Retail Dive, April 23, 2018)*
- ▶ Walmart purchased a 77% stake in India's largest e-commerce company, Flipkart, for \$16 billion. This is Walmart's largest acquisition ever. The U.S. retailer views the acquisition as a long-term play in a market with a rising middle class and low levels of online shopping. *(Source: The Wall Street Journal, May 9, 2018)*
- ▶ Walmart will subsidize online college tuition for its 1.5 million part-time and full-time workers in the U.S. It hopes the benefit will help recruit and retain employees in a tight labor market. The program covers courses towards an associate's or bachelor's degree in supply-chain management or business offered by the University of Florida, Brandman University, and Bellevue University in partnership with Guild Education. Walmart will cover the cost of tuition and other fees after factoring in other financial aid. Employees will contribute \$1 per day towards the cost of the education. Other degree programs may be added in the future. *(Source: The Wall Street Journal, May 30, 2018; Chain Store Age, May 30, 2018)*
- ▶ Walmart realizes the top 10 retailers in 1970 are no longer in the top 10 in 2017 and it fears that it, too, could be off the list in the coming decades. To stay relevant, Walmart is continually testing new initiatives. These initiatives include a Bossa Nova scanner robot which roams through the aisles of 50 stores to identify areas that need to be restocked; a "FAST un-loader" conveyor belt that scans and sorts merchandise straight off the truck by priority and department; unique store maps for each store location will be put in Walmart's mobile app; mobile express returns which utilize the Walmart app and always staffed lanes to speed up the return process; and an entertainment section which emphasizes best-selling and affordable brands of laptops and flat-screen televisions. *(Source: CNBC, June 3, 2018)*
- ▶ Target hosted its second annual Target Takeoff program which brings 10 up-and-coming start-ups to Minneapolis to learn about the retail industry. This year's focus is the beauty category and includes companies selling natural beauty, multicultural, and men's grooming products. Companies will have an opportunity to pitch their products to Target leaders during a product showcase about a month later. *(Source: Chain Store Age, April 27, 2018)*



- ▶ Walmart discontinued its test of “Mobile Scan & Go” technology which allowed customers to scan their own items. Customers found bagging, weighing, and then scanning items such as fresh fruit and vegetables was a hassle. The service, which was in 150 stores, forced shoppers to change their habits which some found confusing and complicated. The service will remain at Sam’s Club where it debuted last year and has doubled in usage since then. *(Source: Bloomberg, May 15, 2018)*
- ▶ Beginning in July, Target will exclusively sell Museum of Ice Cream pints at most of its stores. The debut will include Piñata, Sprinkle Pool, Vanillionaire, Chocolate Crush, Cherrylicious, Churro, and Nana Bread flavors. The introduction follows “The Pint Shop,” an interactive pop-up grocery store in New York City sponsored by Target that featured aisles lined with ice cream, branded merchandise and exclusive flavor tastings. Target will also sell a limited-edition line of Museum of Ice Cream children’s apparel and accessories within its Art Class portfolio. Target expects to benefit from Museum of Ice Cream’s social media presence. *(Source: Food Dive, June 11, 2018)*
- ▶ Target is reprising its “Target Run and Done” ads from last year. This year’s campaign will emphasize Target as a source of consumer goods for last-minute shopping trips. It will also highlight Shipt same-day delivery and Drive Up curbside pick-up services. Target’s message is that it is “America’s easiest place to shop.” *(Source: Marketing Dive, June 25, 2018)*



## Dollar Stores

- ▶ Dollar General and Dollar Tree reported same store sales growth of 2.1% and 1.4% respectively during the quarter ending May 4. The weaker than expected performance was tied to a cooler spring, higher employee and freight costs, and fewer store visits. As the economy continues to grow stronger, some of the low-income shoppers may be shifting their spending to larger stores such as Walmart. Although, traffic was lower for the quarter, shoppers that did frequent a dollar store spent more per visit than in previous quarters. *(Source: The Wall Street Journal, May 31, 2018)*
- ▶ Dollar Tree is expanding a new Snack Zone concept to drive incremental sales of immediately-consumable food and drinks such as cold beverages, candy, snack cakes, and salty snacks. The stores which have been testing the Snack Zone have recorded incremental sales and additional foot traffic. The initial pilot program covered 214 locations and it will expand to 750 during this fiscal year. *(Source: Progressive Grocer, June 8, 2018)*
- ▶ Dollar General launched its DG Go! App which allows customers to use their smartphones to scan products as they shop and checkout through the app. DG Go! is initially being tested in 10 stores in Nashville but will roll out to another 100 stores during the second quarter. The chain plans to continue to integrate more functionality into the app to deliver personalized shopping experiences. *(Source: Chain Store Age, June 21, 2018)*



- ▶ Five Below, a store with prices under \$5, is expanding rapidly to meet its goal of a 20% increase in both revenues and profits by 2020. The chain has 658 stores including 33 it opened in the first quarter of the year. A total of 125 new stores are expected in 2018. Five Below hopes to have 2,500 stores nationwide in the long-term. The tween and teen targeting retailer is also expanding its supply chain with three new distribution centers and investing in a new point-of-sale system that will streamline the checkout experience and make way for a loyalty program. *(Source: RIS News, June 11, 2018)*



- ▶ Dollar General said sales of consumable products increased 10.6% to \$4.77 billion during its first fiscal quarter. The chain launched a 130-item line of healthier consumable options at affordable prices. About three-quarters of the "better-for-you" offerings will be sold under the "Good & Smart" private label. Dollar General continues to upgrade stores to allow them to accommodate more consumable products and is focused on locations with fewer than 12 cooler doors. By the end of 2018, the chain hopes its stores will average 20 cooler doors, up from 10 in 2012. This year, Dollar General plans to open 900 new stores, remodel 1,000 locations, and relocate another 100. About 40% of the store remodels will have a higher cooler count to allow for more perishable items. At the end of the first quarter, Dollar General had 14,761 stores in 44 states. *(Source: Supermarket News, June 1, 2018)*

## Drug Stores

- ▶ CVS is introducing a tool, RX Savings Finder, to help its pharmacists find less expensive alternatives, higher quantities at lower costs, and discounts for customers who take costly drugs. The drug store hopes by lowering costs, customers will be more likely to pick up their prescriptions. In a pilot, 95% of patients asked to switch drugs when given the option for something cheaper, and 85% of doctors allow them to make the switch. *(Source: CNBC, April 11, 2018)*

- ▶ Some shareholders plan to vote against Rite Aid's merger with Albertsons as they believe the deal undervalues the pharmacy chain. Others are concerned about being absorbed into a traditional supermarket chain facing competition from discount and online grocers. The government has approved the merger. A shareholder vote is expected in July. *(Source: The Wall Street Journal, April 12, 2018)*



- ▶ Walgreens' brand vision is "to be America's most-loved, pharmacy-led health, wellbeing, and beauty company" according to CMO Adam Holyk. To achieve this brand vision, the drug chain is working to ensure the products on its shelves are the ones customers want and ones that will help them. Walgreens is also developing more strategic pricing, offering fewer deals, and increasing choice. Loyalty program data will be used to make more personalized offers. Walgreens also hopes to stand-out with services such as free ship-to-store and other delivery options. *(Source: WARC, April 17, 2018)*

- ▶ Walgreens and CVS are adding kiosks where customers can dispose of medication to some of their stores. Walgreens plans to have 1,500 kiosks in-store while CVS will install 750 by June. Other retailers, including Walmart, also offer disposal options. Pharmacies have only been allowed to take back medication since 2014. *(Source: CNBC, April 15, 2018)*
- ▶ CVS launched "Beauty in Real Life," its first marketing campaign which does not alter any images. The campaign includes a 30-second spot, print ads, and out-of-home ads which will feature the CVS Beauty Mark which promises the picture has not been airbrushed. *(Source: Ad Age, April 19, 2018)*
- ▶ CVS entered into an agreement with Fred's to purchase its EntrustRx specialty pharmacy assets. CVS Health will purchase the assets for \$40 million plus the value of the inventory at the time of sale. The deal will further CVS Health's goal of expanding its specialty pharmacy business. *(Source: Chain Store Age, May 8, 2018)*
- ▶ CVS will be the first national drug store chain to offer home delivery of prescriptions nationwide. Customers can request prescription delivery via the CVS Pharmacy app or by calling their neighborhood store. A delivery service charge of \$4.99 applies. Other health and household items carried in-store can be added to the order. The chain is also expanding its same-day prescription delivery service in five new markets: Boston, Miami, Philadelphia, San Francisco, and Washington DC will join New York City. A \$8.99 delivery fee is charged for same-day service. *(Source: Chain Store Age, June 19, 2018)*
- ▶ Walgreens is teaming up with Humana to operate senior-focused primary care clinics inside two drug stores. The clinics will open in Kansas City this fall. If successful, the clinics could enter other markets. The clinics will be operated by Humana subsidiary, Partners in Primary Care. *(Source: Home Health Care News, June 21, 2018)*



## Grocery Stores and Supermarkets

- ▶ Research found shoppers make more quick trips to Whole Food locations that have Amazon lockers installed. Short visits, lasting between three and five minutes, increased 11% at stores with lockers since Amazon purchased the natural foods retailer last August. Stores without lockers experienced a 7% gain in short visits over the same period. Visits of this length account for 9% of all visits to grocery stores this year. *(Source: Reuters, March 26, 2018)*
- ▶ Sprouts Farmers Market continues its expansion with 13 new locations scheduled to open in the third quarter of the year. The natural food grocer will enter Pennsylvania and Washington State for the first time. A total of 30 new stores are planned for the year. The chain has 300 locations currently. *(Source: Chain Store Age, April 4, 2018)*
- ▶ Meijer is rolling out "Scan & Go" which allows customers to scan product barcodes on their smartphone as they shop. When they are ready to check out, they scan their phone once more and pay. All 235 stores in the chain will be equipped with the service by August. *(Source: Crain's Detroit Business, April 16, 2018)*





- ▶ Sprouts Farmers Market has dissolved its agreement with Amazon's Prime Now delivery service and signed Instacart as its new delivery partner. Delivery service will roll out to the majority of its major markets nationwide by the end of 2018. *(Source: Progressive Grocer, May 3, 2018)*
- ▶ The leading U.S. supermarket companies ranked by sales across all banners:

Supermarket	Ranked by Sales	Supermarket	Ranked by Sales
<b>Walmart</b>	\$59,809,000	<b>H.E. Butt</b>	\$16,300,000
<b>Kroger</b>	\$79,240,200	<b>Wakfern Food</b>	\$16,300,000
<b>Albertsons</b>	\$61,261,200	<b>Amazon (dba Whole Foods Market)</b>	\$15,655,900
<b>Ahold Delhaize</b>	\$46,119,320	<b>Aldi</b>	\$14,664,780
<b>Publix</b>	\$28,535,000	<b>Trader Joe's</b>	\$13,000,000

*(Source: Progressive Grocer, May 7, 2018)*

- ▶ Walmart abruptly ended its two-year grocery delivery partnership with Uber and Lyft. Walmart plans to continue scaling its grocery delivery service with other providers in the markets previously served by Uber and Lyft. *(Source: Chain Store Age, May 8, 2018)*
- ▶ Amazon is offering Prime members 10% off already discounted items at Whole Foods Markets. In addition, a small number of weekly discounts on other products throughout the store will also be available to Prime members. The deals will be available at all Whole Foods Markets by summer. To sign-up for discounts, Prime members can either scan a bar code generated by the grocer's app or enter their phone number. *(Source: The Wall Street Journal, May 16, 2018)*
- ▶ Albertsons plans to begin testing technology which will allow shoppers to purchase a limited set of items without checking out or scanning a barcode. The technology, which is similar to Amazon Go, will be piloted with prepared foods. In Northern California, the grocer is also testing "One Touch" technology that allows drivers to pull up to a fuel pump, get gas, and drive away without completing a sales transaction. *(Source: Food Dive, May 21, 2018)*
- ▶ Southeastern Grocers, the parent company of Winn-Dixie, Bi-Lo, Fresco y Mas, and Harveys Supermarkets, emerged from bankruptcy protection after a financial restructuring that involved closing 94 locations. The company filed for bankruptcy in March 2018. It now has 575 stores operating in seven states. It plans to remodel 100 stores this year and improve the shopper experience. *(Source: Chain Store Age, May 31, 2018)*
- ▶ Kroger announced the purchase of Home Chef, the country's largest meal-kit company by sales, for \$200 million upfront and another \$700 million in performance incentive payments. The acquisition is one of Kroger's many bids to innovate as it pursues new ways to sell food to customers. Kroger's existing line of Prep+Pared meal kits will be absorbed into Home Chef which will operate as a standalone company. *(Source: The Wall Street Journal, May 23, 2018)*



- ▶ Supervalu is rolling out a new turnkey ecommerce offering to the more than 3,000 independent grocery stores it supplies nationwide. The grocery distributor is teaming up with Instacart on the service which uses a personal shopper and includes both click-and-collect and same-day delivery options. *(Source: Progressive Grocer, June 20, 2018)*

- ▶ A survey of grocery store shoppers in 15 countries around the world found the top two reasons for choosing a particular supermarket were the store is “close to me” (54%) and easy to get to (48%). Other top drivers include a good selection of food products (41%) and good value offers (38%). Forty percent of shoppers said it wouldn’t matter if their usual store closed as they would just shop elsewhere. Respondents in the 15 U.S. markets had the largest number of easily reachable stores (10.9) to choose from. These shoppers visit 4.7 stores on a regular basis. Trader Joe’s ranks highest among US stores for customer experience and customer care while Kroger had the best perception of loyalty reward delivery. (Source: Marketing Charts, June 12, 2018)

- ▶ A survey of shoppers found 41% do not know Amazon owns Whole Foods – a year after the acquisition was announced. Among the respondents who shop at Whole Foods, 45% thought Amazon had made the grocery chain better. More than 80% of Amazon Prime members who shop at Whole Foods intend to frequent the store more often. Some 60% of Whole Foods shoppers are Prime members and store clerks pitch membership to shoppers who are not yet signed up. Prime members receive a 10% discount on sale items and two-hour delivery of groceries is available in some markets. (Source: The Wall Street Journal, June 16, 2018)



- ▶ A new study of the effect the entry of deep discounter Lidl had on existing nearby supermarkets found the stores lost nearly 7% of their overall sales during the first month after a Lidl store opened. However, by the fourth month the stores were open, sales had rebounded to 98% of sales level before Lidl entered the market. The research found nationally branded products offered a significant competitive advantage against Lidl who relies heavily on private label products. The departments that experienced the biggest sales declines due to Lidl were produce, beer, and wine. Larger households and African American and Hispanic shoppers were most likely to shift spending to Lidl. (Source: Progressive Grocer, June 19, 2018)

- ▶ An annual survey of nearly 13,000 shoppers named Wegmans Food Markets America’s favorite grocery store. Publix Super Markets was a close second followed by Trader Joe’s, Aldi, and H-E-B. Wegmans received high marks for store cleanliness, item availability, and specialty department service. Trader Joe’s friendly cashiers and speedy checkout were top-ranked as was Publix’s rating for ease of finding item. (Source: Progressive Grocer, June 20, 2018)



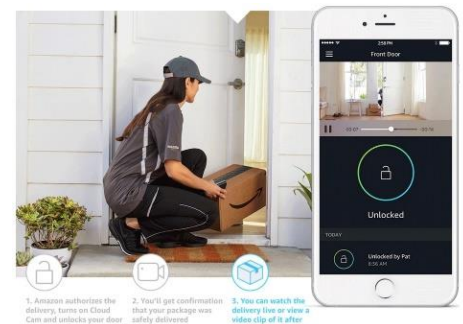
- ▶ Kroger said its digital sales grew 66% in the second quarter compared to the first quarter. ClickList, a program whereby customers order online and then pick-up their groceries curbside, was credited for the increase. Kroger’s goal is to offer ClickList, home delivery, and other shop-to-home capabilities to 75% of its customer base. A recent survey found 14.9% of U.S. grocery buyers have used a click-and-collect service for their groceries, a 67% increase over 2017. (Source: eMarketer, June 24, 2018)

# Internet and Direct Sales Retailers

- ▶ Online sales of groceries totaled \$150 billion last year, a figure that will double in the next five years to reach \$334 billion. In 2017, online grocery sales represented only 2.9% of total grocery spending. Mature markets for online grocery sales include South Korea, China, Australia, and the UK. France, Japan, the Netherlands, Denmark and Norway are growing markets while the U.S., Germany, India, Brazil, and Russia are considered markets in the beginning stage. (Source: Marketing Daily, March 30, 2018)



- ▶ An analysis of e-commerce pricing found Amazon's prices average 10% less than all other retailers studied. The most intense price competition comes from Walmart, Target, and Jet whose average online prices combined are 4.5% more than Amazon. Walmart offers identical pricing to Amazon on 53% of all products while Target matches prices 37% of the time and Jet does so on 35% of products. (Source: Retail Dive, April 4, 2018)
- ▶ Research on the future of fulfillment finds 78% of logistics companies expect to provide same-day delivery by 2023 and 40% predict two-hour delivery windows will be prevalent by 2028. To accommodate such a short-delivery window, retailers forecast using crowdsourced delivery and a network of drivers to get orders to customers faster. The most disruptive technologies that may be used include drones (39%) autonomous vehicles (38%), wearable and mobile technology (37%), and robotics (37%). (Source: Chain Store Age, April 9, 2018)
- ▶ One analyst estimates Americans spent \$153 billion on retail products ordered using mobile devices (phones and tablets) with \$100 billion in sales originating from a smartphone. However, 46% of Americans surveyed said they never purchase goods on their mobile phone while only 6% said they purchased something daily. Retail sales are projected to grow at a 16% CAGR to reach \$209 billion by 2022. (Source: Search Insider, April 11, 2019)
- ▶ Walmart has scaled back promotion on Jet and, as a result, traffic declined about 60% in March compared to the same month a year earlier. For the same period, Walmart.com's traffic rose 5% year-over-year. Walmart is revamping its namesake website to attract upscale customers. At the same time, the site is adopting Jet's smart cart shopping features which provides discounts for ordering more items or forgoing returns. Jet will likely focus on markets like New York where it has higher brand awareness. (Source: Bloomberg, April 13, 2018)
- ▶ Amazon is teaming up with General Motors and Volvo Cars to offer in-car deliveries. Amazon Prime members with newer GM and Volvo vehicles can download the Amazon Key app and link their Amazon account to a connected car service such as OnStar. A delivery driver can unlock the car's trunk or doors remotely and place the package in the vehicle. Customers receive notifications when the car is unlocked and locked. The Amazon Key program also has a delivery service which allows delivery drivers to drop a package off inside a home through a smart lock system that includes a security camera. (Source: The Wall Street Journal, April 24, 2018)



- ▶ Chico's is one of several traditional retailers who are partnering with Amazon. Others include Kohl's, Best Buy, and Sears. Chico's is selling its items through Amazon and says it is driving traffic to their physical stores as people make returns or come to the store to look for complementary or coordinating items. Sears allows customers to purchase any brand of tires on Amazon and have them delivered to Sears Auto Centers to have them installed. It also sells its Kenmore brand through Amazon. In two markets, Kohl's sells Amazon products in-store and also accepts returns which has resulted in rising traffic at participating stores. (Source: CNBC, May 8, 2018; Chicago Tribune, May 11, 2018)

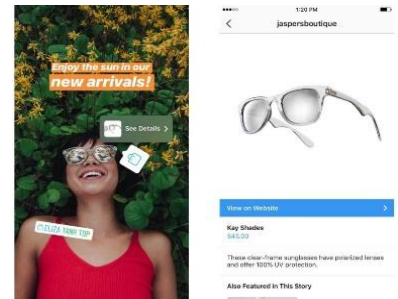


- ▶ Walmart.com will launch a digital Lord & Taylor flagship store as part of its repositioning as an online "fashion destination." The site will be more like a web mall. It will feature Walmart's affordable fashion assortment as well as more than 125 premium brands from Lord & Taylor including Tommy Bahama, Vince Camuto, Miss Selfridge, La La Anthony, Lucky Brand, H Halston, and Effy. (Source: Retail Dive, May 16, 2018)
- ▶ Since Walmart acquired Bonobos.com last June, online traffic to the men's clothing site has decreased 12%. Moosejaw.com and ModCloth.com, other sites Walmart recently acquired, have also seen traffic drop 7% and 8% respectively. Monthly traffic to jet.com, a 2016 Walmart purchase, has seen traffic fall 15% in the past year and 32% since its acquisition. The idea was to acquire brands that appeal to young, urban, and affluent shoppers and put them under Jet.com. However, the target audience has concerns about Walmart's business practices which has dissuaded some customers from continuing to shop with them. (Source: The Washington Post, May 25, 2018)
- ▶ Sales of beauty products increased 30% during the first quarter of 2018 to \$900 million. Indie beauty is one of the largest categories within beauty and has been growing in popularity. With that in mind, Amazon is launching an Indie Beauty Shop in June which will feature independently-owned brands (at least 50%) that are not sold at Ulta, Target, or Walmart. To support its new digital storefront, Amazon's Treasure Truck will be available as a mobile pop-up to allow shoppers to see, touch, and feel trending and local beauty products. Amazon will also employ a sampling program through Amazon Campus that serves college students who are Prime members. (Source: Glossy, June 6, 2018)
- ▶ Walmart is testing a new membership-only shopping service called Jetblack. Upon signing up, members are interviewed to assess their preferences. Some members may also invite Jetblack employees into their homes to compile a thorough list of preferred products. Once they are set up, members can text questions and requests to Jetblack who will make suggestions, order products, and arrange for delivery. The service uses a combination of artificial intelligence and human knowledge. While many items are sourced from Jet and Walmart, retail partners such as Pottery Barn, Gap, Bluemercury, and other New York City boutiques are involved in the trial. Jetblack is targeting upper-income, urban parents who are willing to pay \$50 per month for the service. Reportedly, thousands are on a waitlist to join. (Source: Retail Dive, May 31, 2018)





- ▶ Amazon purchased PillPack, an online pharmacy licensed to ship pharmaceuticals to all 50 states. PillPack was founded in 2013. It distributes pills in easy-to-use packages designed for consumers with chronic conditions who take multiple drugs. It is not a major player in the industry and had revenues of \$100 million in 2017. About 90% of prescriptions are primarily purchased in physical stores. (Source: *The New York Times*, June 28, 2018)
- ▶ Instagram users can now click to purchase items shown in Stories. The select brands will have shopping bag icon stickers on images of products that consumers can get more information about. Brands include Adidas, Louis Vuitton, Aritzia, and The Kooples. Additional brands will be added soon. (Source: *Adweek*, June 13, 2018)
- ▶ Thrive Market was launched in 2014 to offer natural and organic foods to online shoppers who pay a \$59.95 annual membership fee. Originally envisioned as "Whole Foods meets Costco online," Thrive may end up being closer to an online Trader Joe's as it develops its private label products. By the end of 2018, 20% of spending on the site will come from its private label. Much to Thrive's surprise, 56% of its customers are in the Midwest and Southeast and in their forties with a middle-income. Many members follow a special diet and/or need to avoid allergens. (Source: *FoodNavigator-USA.com*, June 21, 2018)
- ▶ Amazon announced a new program which allows individuals to start their own business delivering packages for Amazon. The minimum investment in the U.S. is \$10,000. Program participants receive access to Amazon-branded vehicles, uniforms, and more. Amazon estimates that an owner could make as much as \$300,000 annually in profit by operating a fleet of up to 40 vehicles. (Source: *The New York Times*, June 28, 2018)



## Specialty Retailers

- ▶ Express unveiled a new store concept in Manhattan that feature product "stories" dedicated to a variety of work styles. Example work styles include office worker and creative type. The store also features a lounge-like workspace where shoppers can use the WiFi and charging stations to work. The store will also host happy hours that include chats with inspiring professionals. (Source: *Glossy*, April 11, 2018)
- ▶ H&M said its unsold inventory increased 7% in the past year to more than \$4 billion. Weak sales in the fall and cold weather in February were two contributing factors. The fast fashion retailer plans to launch a new off-price brand in 2018. Afound will offer products from H&M as well as other brands only in Sweden initially. H&M is also investing in RFID for 1,800 stores, automated warehouses, advanced analytics, artificial intelligence, and other technology to address the problem. (Source: *RIS News*, April 4, 2018)
- ▶ Apparel and accessories retailer Charming Charlie exited bankruptcy about four months after filing for Chapter 11. Charming Charlie closed more than 100 stores as part of its reorganization and now has 264 locations. Lenders took most of the ownership of the new company. (Source: *Retail Dive*, April 25, 2018)



- ▶ Zara, the world's largest clothing retailer, will launch augmented reality displays in April in an attempt to attract millennial shoppers. The displays will feature models wearing selected looks from its range when a mobile phone is held up to a sensor within the store or a shop window. Customers can click-through on their phone to purchase the clothes being modeled. The technology will also be used on packages containing online purchases and show alternative fashion ensembles. Initially, the technology will be used in 120 stores around the world. *(Source: Forbes, April 16, 2018)*



- ▶ Victoria's Secret sales have been falling for more than a year as its lingerie fashions have fallen out of favor. Recently, the brand perception has been declining. Among 18-to-49-year-old women, the brand's score for positive and negative associations dropped more than 3 points to 23, down from 31 in 2016. The chain's customer satisfaction score has also fallen from 42 in 2016 to 30. *(Source: New York Post, April 19, 2018)*

- ▶ Gap plans to add 60 more Old Navy stores across North America in 2018. The number of discounted apparel stores will top more than 1,000 by summer. At the same time, Gap is trimming the number of Gap and Banana Republic locations with 200 underperforming locations to close by 2020. Old Navy is targeting shoppers who browse off-price retailers such as T.J. Maxx and Ross Stores. The chain is also focusing on technology that benefits its shoppers such as mobile app includes product inventory, customer reviews, and loyalty points tracking. *(Source: CNBC, April 24, 2018)*

- ▶ American Apparel will open a flagship store in Los Angeles later this year. It will be the first store opened since all locations were closed last year after the retailer filed for bankruptcy. In June 2017, a Canadian manufacturer purchased the intellectual property and other assets of the bankrupt brand but not its stores. The new owner relaunched American Apparel's website last August. *(Source: Chain Store Age, May 4, 2018)*

- ▶ Duluth Trading Company currently has 34 stores, up from 15 last year. It plans to open 15 stores annually for the next five years with a goal of having 100 stores across the country at the end of the period. The retailer expects more locations to contribute to its growth as nearly half of store shoppers are new to the brand. *(Source: Minneapolis Star Tribune, May 5, 2018)*

- ▶ Best Buy has refreshed its logo for the first time in 30 years as part of a new marketing strategy that emphasizes helping improving customers' lives through technology and focuses on their blue-shirted store employees. New ads, narrated by Scarlett Johansson, will highlight the people factor and use a conversational tone. The campaign's tagline will be "Let's talk about what's possible." The new logo still includes the yellow price tag that contained the store's name but now it will be smaller and off to the side. The new logo is cleaner and can be used easily in multiple formats. *(Source: Minneapolis Star Tribune, May 9, 2018)*



▶ Ikea has decided not to open new stores in Nashville, TN, Cary, NC, and Glendale, AZ. The decision comes as the Swedish home furnishings retailer invests more in e-commerce efforts and looks at opening smaller stores in more urban areas. The chain is creating a new business model to ensure they are accessible and convenient to customers. *(Source: Chain Store Age, June 1, 2018)*

▶ Sears Hometown and Outlet Stores plans to close 100 of its 882 locations in the second quarter of the year as a cost-savings measure. The chain was spun-off from Sears in 2012 and sells appliances, hardware, and lawn & garden products. Most stores are run by independent dealers and franchisees and Sears Hometown will continue to work with the owners of the unproductive stores. Sears Hometown launched a national campaign in March which included its first television commercials as well as print and digital ads. The marketing effort focused on the stores being independently owned. *(Source: The Wall Street Journal, June 8, 2018)*



▶ Party City is offering a dedicated line of Ramadan decorations for the first time. The party goods retailer added the line in response to customer requests. The items have sold well online and will be available in some stores in advance of the May 16 start of the month-long religious observation. *(Source: The New York Times, April 20, 2018)*

▶ H&M is testing "Voice Interactive Mirrors" at its flagship store in Times Square. The mirrors use facial recognition and when someone looks at it long enough, the mirror offers the individual style advice, discounts, and selfies. The mirrors are not in dressing rooms but on the store floor. *(Source: Retail Dive, June 8, 2018)*

▶ Bed Bath & Beyond introduced a new membership program, Beyond+. Members of Beyond+ pay \$29 annually and receive free standard shipping of all online orders and 20% off entire purchases made online or in-store. The home goods retailer hopes Beyond+ will allow it to better compete with Amazon's low prices and Prime membership program. *(Source: Business Insider, June 10, 2018)*

▶ Home Depot announced it will spend \$1.2 billion over the next five years to meet customer expectations related to the delivery of goods ordered online. The home improvement chain will add 170 distribution facilities which will allow it to reach 90% of the U.S. population in one day or less. The expenditures are part of an \$11 billion re-engineering effort focused on a more-digital future. Today online orders account for 6.7% of company sales but digital revenues are growing, up 21% from last year. *(Source: The Wall Street Journal, June 11, 2018)*



# Warehouse Clubs

- ▶ BJ's Wholesale Club now offers in-store pickup of online orders at all its locations. Orders are available for pick-up at any of its 215 stores within two hours. Online shoppers can now apply "Add-to-Card Coupons" to their digital orders to receive discounts. (Source: Chain Store Age, May 10, 2018)



- ▶ BJ's Wholesale Club filed for an initial public offering. The chain's private-equity owners hope to raise at least \$400 million. Shares of BJ's were previously publicly traded until it was purchased in 2011 by Leonard Green & Partners and CVC Capital Partners. Initial share prices are expected to be between \$15 and \$17 per share. (Source: The Wall Street Journal, May 17, 2018; Reuters, June 18, 2018)
- ▶ Costco reported its ecommerce sales rose 43% in April. During the first quarter of 2018, the warehouse club reported a 34% increase in online revenues. Costco has ramped up promotion of its partnership with Instacart for grocery delivery and its own two-day delivery of 500 non-perishable grocery items. The delivery options are increasing Costco's share of wallet among its club members as orders are larger than average. However, online shoppers are making fewer store visits which could prove problematic over time. To increase store traffic, Costco is offering more limited-time offers and sales. (Source: Retail Dive, May 11, 2018)
- ▶ Costco said it will raise its minimum wage \$1 to \$14.50 an hour. Other hourly workers will receive raises of between 25 cents and 50 cents per hour. The increases are being paid from savings resulting from the U.S. tax overhaul. (Source: The Wall Street Journal, May 31, 2018)



- ▶ Walmart is planning to open a new Sam's Club concept. The store will be 32,000 square feet versus a typical Sam's Club which ranges from 100,000 to 150,000 square feet. The store will carry 1,000 to 2,000 items versus the 6,000 a regular Sam's Club stocks. The staff for the smaller store will number 30 to 40. The assortment will focus on convenience items, fresh foods, and grab and go meals. Prices will be displayed on digital price tags – a first for a Sam's Club location. Access to the store will be limited to members who will be able to use the Scan & Go self-checkout system on their smartphone. Click-and-collect and other delivery options will be offered. (Source: Dallas News, June 14, 2018; Progressive Grocer, June 15, 2018)





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