**ANSWERS TO SHORT CASE QUESTIONS**

**PART ONE SHORT CASES**

## Case 1: Retailers MUST Be Future-Oriented

Questions

1. What do you think are the best uses of VR for retailers today? What are the limitations?

Retailers can use virtual reality to do the following:

* Visualize alternative store layouts.
* Simulate shopping down aisles.
* Test package designs.
* Evaluate different planograms.
* Reinvent the experience in a store environment, and to allow customers to “shop” in a virtual store and measure their buying behavior.

Limitations of virtual reality include the following:

* The cost of software and hardware
* Training costs for retail personnel

1. Is the typical retailer ready for VR? Why or why not?

Despite its advantages, the typical retailer needs to develop the expertise and outlay the necessary investment. Smaller retailers can outsource this activity.

1. How can VR enhance a firm’s ability to generate a great total retail experience and relationship retailing?

The total retail experience includes all of the elements that encourage or inhibit consumers during their contact with the retailer. VR can show alternate store designs, layouts, package designs and their impact on shopping satisfaction, time spent in a store, and the degree of “fun” associated with shopping.

Relationship retailing involves a retailer establishing and maintaining long-term bonds with customers. It takes a long-term view based on the retail experience, customer satisfaction, and customer involvement. VR can improve the long-term satisfaction associated with shopping by providing a more convenient store layout and a better shopping experience.

1. Even if a retailer is not ready for VR, what can it learn from this case?

Retailers can learn the importance of a stimulating retail environment, the importance of “fun,” and the need to measure customer satisfaction associated with different store designs, labels, and layouts.

Case 2: Stores That Accommodate Those with Physical Limitations

Questions

1. Relate the material in this case to the value chain and the value delivery system.

The value chain represents the total bundle of benefits offered to consumers through a channel of distribution. It encompasses shopping location, retailer ambiance, the level of customer service, the products/brands carried, product quality, the retailer’s in-stock position, shipping, prices, the retailer’s image, and other elements.

Elements of the value chain discussed in this case include the importance of good lighting, ease in finding hard-to-locate items, proper height of items on shelves, layout and traffic flow, safe flooring, and ease of price checking.

The value delivery system comprises all the parties that develop, produce, deliver, sell, and service particular goods and services. These parties include store design personnel and consultants, lighting contractors, Americans with Disabilities Act (ADA) consultants, suppliers of grocery products, and shelving firms.

1. Are services related to physical accommodations typically considered as expected customer services or augmented customer services? Why does this distinction matter?

Expected customer service is the service level that customers want to receive from any retailer. In contrast, augmented customer service includes activities that enhance the shopping experience and provide retailers with a competitive advantage.

Basic accommodations that meet the ADA requirements, such as wide aisles and handicap accessible bathrooms, are expected customer services. Additional services such as proper shelf height, and ease of store navigation for handicapped individuals can be viewed as augmented customer services.

1. What are the ethical implications of the issues raised in this case?

Ethical issues raised in the case include the right of handicapped or senior citizens to navigate a store easily, to have a clean accessible bathroom, to easily secure goods on a shelf, to use a store’s scooter, etc.

1. Develop a five-point physical accommodation plan for an apparel store chain.

The store’s physical accommodation plan should include wide aisles, ample handicapped parking (with wide width parking areas), easy to read graphics, proper lighting, slip-resistant flooring, and adequate ramps (with proper slope).

Case 3: Is the Proliferation of Job Titles Helping or Hurting?

Questions

1. Why do you think that there has been a proliferation of job titles? Is this good or bad? Why?

In some respects, the new titles reflect important areas that would otherwise be neglected. Omnichannel marketing, as an example, requires a different skill set; information security is a hot area for many stores due to increased hacking activity; and chief analytics officers are needed to develop strategies through big data analytics.

1. State how the issues raised in this case relate to a retailer conducting a situation analysis.

Situation analysis is a candid evaluation of the opportunities and threats facing a prospective or existing retailer. It answers two general questions: What is the firm’s current status? In which direction should it be heading?

Naming a head of various functional areas clarifies responsibilities within the firm. It ensures that critical areas that account for a retailer’s success or failure are adequately addressed.

1. Should retailers have a chief of digital operations position? Explain your answer.

The chief of digital operations position assures that adequate attention is paid to the Web. One could argue that the head of omnichannel marketing would be a better title because it ensures a seamless transition among channels and devices (tablets, laptops, smartphones).

1. Do you agree or disagree with the following statement? “Elevating ‘customer experience’ or ‘security’ responsibility to a ‘chief’ sends a message about where the retailer is making its bets and what it values.” Why?

The elevating “customer experience” or security positions to chief status signals the increased importance of these functions throughout the retail organization. The new titles enable a retailer to hire high-skilled professionals and may be associated with increased staffing and budget levels.

Case 4: Competition and Quick Foodservice

Questions

1. How should the organizational missions of convenience stores and QSRs differ? Why?

The organization mission of convenience stores needs to focus on a limited selection of goods and services, some prepared foods and some prepackaged foods, and on off-premises consumption of coffee, sandwiches, and snacks.

In comparison, quick-service restaurants focus on both on-premises and off-premises consumption of prepared foods. Convenience stores typically sell cigarettes, milk, yogurt, prepared snacks (like pretzels and potato chips), and gasoline. These are not sold in QSRs. QSRs, in contrast, may sell hamburgers, fried chicken products, french fries, pizza, and dispensed beverages such as soda and coffee.

1. What are the competitive advantages of convenience stores versus QSRs? Explain your answer.

The competitive advantages of convenience stores versus QSRs include:

* Convenience stores’offering a broader selection of prepared foods
* Many convenience stores offer healthier prepared foods options
* Convenience stores offer multiple varieties and brands of beverages
* Some convenience stores make sandwiches to order
* Some convenience stores are open 24/7
* Convenience stores are more prone to be one-stop shopping source (sandwich, coffee, and laundry detergent for home use).

1. Comment on the information in Figures 1 and 2. What are the strategic implications?

Few shoppers exclusively go to a convenience store only for fast-food purchases away from home. Most use three channels: QSR, convenience stores,or grocery stores. The greatest channel overlap for fast-food purchases away from home with convenience stores is QSR.

The greatest market share of food category purchases in convenience stores are in coffee, dessert/snack foods, soft drinks, breakfast foods, and Mexican foods. Weak market shares are in salads, side dishes, sandwiches/burger/wraps, and Italian/pizza. Convenience stores need to decide to invest in either areas of strength (such as better coffee quality) or areas of weakness. One interesting strategy is to use promotional pricing to pair coffee with breakfast foods (such as a roll, eggs and coffee for $2.99).

1. What could Dunkin’ Donuts, McDonald’s, and Wawa learn from the information in Figure 3?What are the strategic implications?

The respective market shares among McDonald’s, Dunkin’ Donuts, and Wawa differ by type of food. McDonald’s is particularly strong in breakfast-oriented foods, Dunkin’ Donuts in sandwich/ burger/wrap, and Wawa in coffee.

Each chain needs to look at their areas of strength and weaknesses and build on them. They can generate increased sales and profits by combining strong and weak areas. For example, Wawa could concentrate on combining coffee (a strong area) with sandwiches/burgers/wraps (a weak area). Weak areas need to be looked at. Wawa clearly needs to rethink its sandwiches/burgers/wraps. It needs to build an area or to drop it and focus on other areas. Dunkin’ Donuts also needs to be more attention to its coffee business. Special price offers and pairing coffee with sandwiches (a strong area) is another