# RETAILING MANAGEMENT

11E

## Newsletter for Instructors

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# The Second Time Around: Vinted's Success in the U.K. Resale Market

## Use with Chapter 2, "Types of Retailers," and Chapter 3, "Digital Retailing"

istockphoto / Anna Gorbacheva

It's the thrill of the search. You scan racks, high and low, sifting through piles of clothes, mostly junk, trying to find it, that *one* perfect sweater, handbag, or pair of shoes. And then you come across it … and it's one-tenth its original price. This thrilling search and discovery is a key part of the reason people shop secondhand.

When Vinted was founded in 2008, the Lithuanian startup aimed at creating an online platform that would support such thrills and circulate resale clothing. The company has attained remarkable success, especially in the United Kingdom, where it surpassed 2.5 million users in 2023 and experienced 75 percent year-on-year growth. As a result, Vinted has positioned itself among more familiar major resale platforms, such as Poshmark, Mecari, eBay, Depop, and Gumtree, and made its case to be a leading platform in the market.

Some of this success can be attributed to the seemingly unending series of economic challenges that have buffeted consumers in the past two decades. But the company also owes quite a bit of its success to increased environmental awareness among consumers and marketing campaigns designed to promote secondhand retail as a way to reduce the waste associated with fast fashion. Noting such trends, Vinted has actively positioned itself to capitalize on this increased interest, such that it works to draw in new customers with a simple platform and global reach. At the same time, Vinted strategically focuses on attracting plenty of sellers, such as by offering zero fees to list items on its site. In this way, selling items on this platform is far more appealing than paying to post selections on competing resale sites.

Meanwhile, consumers continue to demonstrate their persistent interest in secondhand fashion. For many people, fashion is not an either–or choice; they embrace the purchase of both resale items and new clothing. This approach reduces waste and prioritizes affordability, while also allowing consumers to stay up to date on the latest trends.

For the future, Vinted's continued success likely will depend on its ability to continue to develop technologies that support appealing, enjoyable user experiences. For example, its rollout of its mobile app was a much lauded success. Customers explicitly noted how the platform simplified both the listing and the buying process. Likewise, the company has implemented enhanced search algorithms and personalized data analytics, to offer more personalized recommendations to consumers and aid their search for just the right vintage or resale items. On the basis of these ongoing successes, Vinted appears poised to play a crucial role in continuing to encourage and establish a more sustainable retail ecosystem in the long-term, as long as it also can continue to grow and innovate to meet consumer demand.

**Discussion Questions**

1. Have you shopped on any secondhand clothing platforms? Why or why not?
2. List some benefits of shopping in resale markets, as well as the drawbacks, for consumers, retailers, and society in general.

**Sources:** Kate Hardcastle, "Vinted's Secret Formula: Thriving in the U.K.'s Second-Hand Market," Forbes, July 7, 2024; Jervis Gonzales, "How Does Vinted Make Money in 2024? A Comprehensive Guide," The Stock Dork, November 23, 2023; Rachel Lawler, "How Vinted Is Transforming the Second-Hand Market," Just Style, June 19, 2024; OpenAI ChatGPT, "Assistance with Research on Vinted's Success in the UK Recommerce Market," ChatGPT, August 8, 2024.

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# Let's Get "Phygital": A New Form of Omnichannel Marketing

## Use with Chapter 3, "Digital Retailing," and Chapter 4, "Multichannel and Omnichannel Retailing"

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From podcasts to infomercials, glamping to motels, the retail world seems to love inventing new products, then describing them by mashing up terms. Get ready for the newest version: Describing a combination of physical and digital, "phygital" has arrived to describe a unified shopping experience that includes a mix of in-store and online retailing options. Since its recent introduction, the term has gained mainstream attention and acceptance, especially as more businesses work to make the transition between these two seemingly distinct retailing channels as seamless as possible.

In particular, the introduction of AI technology in stores has vastly transformed retail. Virtual fitting rooms and smart shopping suggestions have become the norm, in stores, as much as online. Amazon's cashierless technology and H&M's augmented reality screens represent two familiar examples, which we have discussed multiple times in these abstracts. Furthermore, other retailers are using different AI tools to help consumers interact with products digitally, in a trend that initially was necessitated by the coronavirus pandemic. Even still though, Walmart leverages substantial digital content to enhance shopping suggestions and improve brand loyalty.

Consumers in turn react mostly positively. Data confirm widespread consumer preferences for retailers that offer phygital shopping options, both in stores and online, which appears to reflect their strong desire for both convenience and customization.

The phygital landscape appears likely to keep evolving, especially as retailers continue to develop and test virtual reality features in stores. Still, some caution may be necessary; some retailer early adopters have struggled with operational efficiencies after implementing new, relatively untested technologies too early. In addition, as is always the case when it comes to digital technologies, managing consumer data and privacy remains a critical concern, and such ethical issues are intensified by the need for transparency with regard to any surveillance technology being used in phygital consumer interactions.

As retailers work to develop and enhance their own, proprietary phygital experiences, each of them should consider carefully which specific technology iterations and tools will actually serve to enhance the brand experience across channels, rather than simply implementing technology that they might have seen in other stores.

**Discussion Questions**

1. Will phygital features in stores and online promote sales long-term? Why or why not?
2. How does Amazon's cashierless checkout technology lend itself to a more seamless shopping experience?
3. Which companies do you think are best suited to integrate phygital technologies?

**Sources:** Jordyn Holman, "Retailers Get 'Phygital'," The New York Times, n.d.; Emma Mak, "Retail Trends 2024: Let's Get Phygital," CompuCom, 2024; Fitch Solutions, "Consumer Demand Fuels Omnichannel 3.0 Adoption With Phygital Focus In 2024," Fitch Solutions, November 9, 2023; MJV Team, "The Rise of Phygital Stores: 7 Ways Brick-and-Mortar is Changing," MJV Innovation, February 7, 2024; OpenAI ChatGPT, "Assistance with Research on Phygital Retail Trends," ChatGPT, July 28, 2024.

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# Young at Heart: The Economic Influence of Gen Z

## Use with Chapter 3, “Digital Retailing,” and Chapter 5, “Customer Buying Behavior”

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Gen Z gets talked about for a lot of reasons. Stories about their savvy with social media platforms, including TikTok; their contributions to social justice reform and grassroots activism; and their novel influences on fashion trends and the cultural lexicon appear in many the recent headlines available in popular news media.

But Gen Z is also a financially savvy cohort, with a significant amount of purchasing power. They are expected to represent 20 percent of U.S. consumer spending by 2029, as these young people enter their peak spending years. Furthermore, Gen Z will constitute about one-third of the workforce by that point. In response, retailers have begun paying close attention and studying this consumer demographic in greater depth, leading to some new insights into their unique preferences. A few of these insights reflect key consumer behaviors, such as:

- A significant preference for shopping on digital platforms, such that three-quarters of Gen Z adults express their desire to shop on their phones.
- A strong and distinctive focus on sustainability, signaling preferences for brands that align with their social values. This influence also has notable indirect effects, in that Gen Z has influenced their parents’ generation (Gen X). In turn, research shows a 42 percent increase among Gen X in being willing to pay more for sustainable products.
- Willingness to discuss money openly, with practices like “loud budgeting” and advocating for close monitoring of their personal finances. Seemingly in accordance with these views, pricing transparency and financial literacy appear crucial to this generation, potentially as a response to their first-row seats to witnessing the effects of global recessions and pandemics during their formative years.

In response to these distinctive consumer behaviors, retailers have begun implementing strategies targeted at increasing Gen Z engagement in particular. For example, companies like Wendy’s have experimented with dynamic pricing, testing how digital boards and rapid price adjustments might attract cost-conscious customers during slow periods. Other brands have reiterated or increased their emphasis on sustainability practices, often balancing this messaging with affordability. Regardless of the strategic initiatives they embrace, companies attempting to appeal to Gen Z usually spread their messages on social media, to ensure that they leverage the same platforms that Gen Z typically uses to share their word of mouth, voice their complaints, or offer product recommendations.

Even as they target this generation though, companies still must navigate shifting consumer preferences carefully, balancing their appeal to younger customers with their dedication to existing customer bases and looking forward to even younger generations who promise to be their customers in the future. To achieve such multifold goals, continuous market research is required, combined with ongoing research, development, and testing of new marketing strategies, to keep pace with Gen Z’s evolving preferences and the constant shifts in consumer populations.

**Discussion Questions**

1. Is it short-sighted of retailers to change their focus and target Gen Z so strongly and specifically? Explain your answer.
2. Which characteristics of Gen Z seem likely to remain true for future generations? Which of them might change for coming generations?

**Sources:** Greg Petro, "Gen-Z May Be the Most-Studied Consumer in History. Here’s What We Know So Far," Forbes, July 12, 2024; Liz Hilton Segel and Homayoun Hatami, "Mind the Gap: Now versus Next: How Gen Z Is Challenging Consumer Sector Norms," McKinsey, January 2024; Monique Thomas, "5 Gen Z Marketing Strategies to Implement in 2024," Later, December 12, 2023; OpenAI ChatGPT, "Assistance with Research on Gen-Z Marketing Strategies," ChatGPT, August 8, 2024.

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# Payment Declined: Retailers to Stop Accepting Checks as a Form of Payment

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

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Joining cassette players, fax machines, and VHS tapes, checks may be the latest version of an offering that once represented a novel invention, and provided substantial value, but has been replaced by more recent versions, such that it has grown obsolete.

Compared with cash payments, checks made life easier for consumers, who could pay for in-store purchases without having to worry about exact change, as well as mail in payments for their utilities and such. Thus, checks became a ubiquitous form of payment in the late twentieth century. But the number of payments made by check has been declining steeply, such that between 2018 and 2021, their usage decreased by around 7 percent each year, and only 11.2 billion checks were written in 2021.

This decline largely can be attributed to the value offered by innovations in digital payment methods, including Apple Pay, and payment apps, like Venmo, PayPal, and Zelle. These contactless money transfers became particularly popular during the years of the COVID-19 pandemic, but their convenience and immediacy has facilitated their continued usage.

In contrast, checks have grown less convenient. Stores need a substantial, separate infrastructure in place to process checks. Employees typically require training to verify which checks are legitimate, and the payment method itself requires some additional steps at checkout, compared with tapping or swiping a credit card or mobile payment. Considering the monetary and time costs associated with accepting checks, balanced against the relatively few payments still written by check, many retailers are phasing out their acceptance. Target joined other large retailers in announcing that it would stop accepting checks as a form of payment in July 2024. Aldi and Whole Foods also stopped accepting checks recently.

Digital transfers also offer a greater amount of security, reducing the need for manual entry or the risk of a check being rejected for insufficient funds (i.e., bounced). The advanced information systems that large retailers have implemented tend to manage digital transactions quickly, which also offers additional advantages for streamlining supply chain operations and providing more accurate inventory updates.

Still, shifting completely to digital payment methods and eliminating all cash-based approaches might alienate some customers. Older shoppers continue to use checks consistently, though at declining rates. Some vulnerable consumers simply do not have access to the technology tools required to undertake digital transaction. And the decision to eliminate a long-accepted payment method, unilaterally, puts the burden of adaptation on the consumers. Such negative considerations run the risk of driving customers away to competitors, as well as causing harm if they lack viable alternatives for obtaining the products and services they need.

Still, change is inevitable, and retailers must track and take advantage of evolving consumer behavior to achieve optimal supply chain management. The disappearance of checks is unlikely to be the last major shift in retail payments, as continued innovation and adaptation keep informing and affecting consumer preferences in the future.

**Discussion Questions**

1. If more large retailers begin to reject checks, what will customers who still rely on checks do to adapt to this shift?
2. At what point do new store policies lead to unreasonable expectations of consumers?

**Sources:** David G.W. Birch, “I Will Live to See the Last Check,” Forbes, July 15, 2024; Nicole Norfleet, “Target Joins Ranks of Aldi, Whole Foods as Stores No Longer Taking Checks,” Star Tribune, July 3, 2024; Aimee Picchi, “Target Will Soon Stop Accepting Personal Checks from Customers,” DNyuz, July 8, 2024; OpenAI ChatGPT, “Assistance with Research on Target's Decision to Stop Accepting Checks,” ChatGPT, August 8, 2024.

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# Holy Guacamole: Tesco Tattoos Avocados to Reduce Food Waste

## Use with Chapter 10, “Information Systems and Supply Chain Management”, and Chapter 17, “Store Layout, Design, and Visual Merchandising”


*istockphoto / taoedge*

Millennials have been credited with revitalizing the popularity of avocado—whether inserted into sushi rolls, mashed on toast, or added to a salad, avocados have made a comeback in a big way. (And yes, we know that guac is extra.)

Considering this avocado-aissance, Tesco’s latest sustainability initiative offers some really good news for eco-conscious (and taste-conscious) consumers. In its continued efforts to reduce plastic waste, Tesco has begun testing laser-etching technology for avocados. If successful, the process could eliminate the need for traditional plastic stickers on not just avocado but a vast number of other produce items, thereby reducing non-recyclable waste and conserving natural resources.

Tesco’s initial trial relies on precision lasers to carve small labels into the skin of the fruits. The process takes seconds and reportedly does not affect their shelf life or taste. Currently, the trials are focused on extra-large avocados, but the technology seems applicable to smaller items and a variety of surfaces. As the next step in the trial, Tesco has begun selling the laser-etched avocados in 270 stores. If all goes well, the chain hopes to expand availability to all Tesco locations across the United Kingdom.

The actual efficacy of the initiative remains to be seen. Third-party environmental organizations will likely need to audit the results of the trial prior to a large-scale rollout, to confirm how much plastic waste really is being saved; they also might suggest relevant adjustments to the program. Still, considering the widely positive reaction to this innovative approach, Tesco could be catalyzing a positive trend, of honoring commitments to sustainability through transparency, genuine action—and deliciousness.

**Discussion Questions**

1. Does Tesco’s new initiative indicate a sincere commitment to reducing plastic waste?
2. Describe an innovative sustainability initiative by another grocery retailer. How is it similar to Tesco’s program? How is it different? Is either example indicative of “greenwashing”?

**Sources:** Sarah Butler, “Unholy Guacamole—Tesco Is Tattooing Its Avocados to Cut Waste,” The Guardian, May 31, 2024; Aoife Morgan, “Tesco Swaps Out Stickers for Laser Barcodes on Avocados to Cut Waste,” Retail Gazette, May 31, 2024; Kristian Bayford, “Tesco in Laser-Etched Avocado Trial to Reduce Plastic Waste,” Fruitnet, June 5, 2024; OpenAI ChatGPT, "Assistance with Research on Tesco's Laser-Etched Avocados for Sustainability," ChatGPT, July 28, 2024.

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# No Good Deed? Tesco Faces Criticism for Food Donation Policy Changes

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


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Aesop once said, “No act of kindness, no matter how small, is ever wasted.” It’s a noble sentiment, one that many of us would agree with in principle. However, the reality seems a bit more complicated, as the U.K. grocery chain Tesco learned recently, after facing criticism for making changes to its donation policy.

Previously, Tesco donated any unused food to charitable organizations dedicated to reducing hunger, providing the resources to these organizations each morning. The organizations then distributed the food to needy consumers throughout the day. But in May 2024, Tesco announced that all its food donations would be provided only in the evenings, after its retail stores close. In so doing, Tesco could better integrate its charitable efforts with its daily store operations, gaining efficiency and operational flexibility.

But as much as the new collection schedule makes Tesco’s operations easier, it makes the operations of the charities that depend on its donations more difficult. Most charities lack the resources such a schedule requires; they do not have enough volunteers who can pick up and distribute perishable items at night, while they are still fresh, nor do they have sufficient, large-scale facilities to store the items safely overnight.

Due to the vast scale of Tesco’s food donation program, many charities across the United Kingdom are reporting significant decreases in their food resources, resulting in widespread food insecurity and hunger among the vulnerable populations that they serve. Some organizations have resorted to purchasing food, which adds substantial, likely unsustainable financial strain to their operations. For those without the funds to buy food to distribute, many have had to turn the clients they serve away.

Thus a debate has emerged: Critics argue that Tesco’s new policy prioritizes store efficiency over the needs of vulnerable people, and further that it was introduced quickly, without input from its charitable partners. Tesco instead asserts that the evening collections have societal benefits, such as allowing for donations of chilled food items while they are still viable, which means that the viable amount being donated increases.

This debate underscores the challenges surrounding corporate social responsibilities, especially toward local communities. For-profit organizations have the right to prioritize operational efficiencies, but doing so, at least in Tesco’s case, seems antithetical to its responsible claims, such as its stated waste reduction goals. Perhaps in its effort to resolve the debate, Tesco has begun to explore other avenues for its donations, such as by reaching out to charitable groups that possess the resources needed for nighttime distribution, as well as using a third-party app called Olio to distribute food directly to consumers.

**Discussion Questions**

1. What is Tesco’s corporate social responsibility to its community? Are the changes to its donation policy acceptable?
2. As a consumer, would you be willing to shop at Tesco, following its policy change?
3. If you were overseeing Tesco’s donation program, what amendments to its new policy might you recommend?

**Sources:** Sarah Butler, “Charities Attach Tesco Rules for Evening-Only Collection of Unwanted Food,” The Guardian, May 14, 2024; “Charities Criticise Tesco’s Evening-Only Food Collection Policy,” Groovy Trades, May 14, 2024; James Rodger, “Tesco Rolls Out New 'Evening Only' Rules and Shoppers Say 'It's Big Shock',” Yahoo News, May 14, 2024; OpenAI ChatGPT, "Assistance with Research on Tesco's Food Collection Policy and Related CSR Issues," ChatGPT, July 28, 2024.

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# Cleaning Up Its Act: Shein Addresses Fast Fashion Waste

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

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Cheaper than stores and trendier than Amazon, fast fashion has plenty of benefits. The world’s largest fast fashion retailer Shein understands those benefits well, and perhaps better than anyone. Since 2008, the company has worked to produce inexpensive versions of trendy items, quickly and efficiently.

But instead of the benefits, environmental groups highlight the downsides of fast fashion and the deep concerns they evoke. In particular, the fast-fashion industry contributes significantly to textile waste, and much of the non-recyclable material included in the clothing ends up in landfills. Shein’s business model, which prioritizes speed and quantity nearly exclusively, is uniquely emblematic of the lack of sustainability that characterizes the entire market.

Seemingly bowing to pressures from environmentalists and regulatory agencies though, Shein recently announced a $270 million investment into more sustainable production methods. Approximately $220 million of that investment will go to the so-called Circularity Fund, devoted to developing textile-recycling technology. This investment is part of a broader corporate social responsibility strategy that Shein has described in a variety of recently released press statements, outlining its aims and efforts to integrate more sustainable practices across its operations.

Such responsiveness also looks like a smart strategic move. In particular, it appears that Shein is addressing consumer and legal expectations of sustainability practices now—that is, ahead of its potential public listing on the London Stock Exchange. With this initiative, Shein might be seeking to rebrand itself as a more responsible supplier of fast fashion. In addition, the Circularity Fund promises to contribute to significant waste reduction. The recycling technologies that result offer the promise of being adopted throughout the industry. Shein’s actions may could establish a precedent, encouraging competitors, in the fast fashion and other textile sectors, to adopt similar policies.

Even with this cautious optimism, Shein still has a number of problems to address. The scale of its actual (compared with its planned) investment remains to be seen. The amount of money committed also might be insufficient to alter Shein’s environmental footprint significantly. Others compare this commitment to those of companies with more established sustainability practices, underlying their questions about the sincerity of Shein’s long-term commitment.

**Discussion Questions**

1. Should there be regulatory guidelines limiting textile waste in the fast-fashion industry? What should they require?
2. What other solutions could inspire policy change?

**Sources:** Andrea Figueras, “Shein to Address Fashion Industry Waste Ahead of Potential Listing,” *The Wall Street Journal*, July 10, 2024; Devdiscourse News Desk, “Shein's Big Investment: A Game Changer for UK and Europe,” Devdiscourse, July 9, 2024; Fibre2Fashion, “Fast Fashion Retailer Shein Announces $270 mn Investment in UK & EU,” July 11, 2024; “How to Bridge the Gap Between Fast Fashion and Sustainable Fashion,” Indian Retailer, November 10, 2022; OpenAI ChatGPT, "Assistance with Research on Shein's Investment in Textile-Recycling Technologies," ChatGPT, July 25, 2024.

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# Coming Apart at the Seams: Christian Dior Faces Reputational Damage

## Use with Chapter 13, "Buying Merchandise," and Chapter 14, "Retail Pricing"


istockphoto / Ivan-balvan

When Jennifer Lawrence accepted her Academy Award for Best Actress in 2013, she tripped and fell on her way up the steps. The internet reaction was swift, with many expressing shock. But many *more* were complimenting her gown.

The pink ballgown that Lawrence wore that year was designed by Raf Simons for Christian Dior. It was a princess dress, feminine and elegant, giving the appearance of grace, even as its wearer lay on the theater stairs. Lawrence got up and accepted her award. But the memory of her beautiful gown lived on. For years, *that* has been the power of Christian Dior. Even in the rarified world of high fashion, few can match its timeless designs, characterized by a romantic sort of hyper-femineity. It's an enviable space to occupy. Or at least, it has been, until quite recently.

Dior has made headlines for all the wrong reasons, as new reports suggest that the cost of producing its pricey designer bags is far less than the listed retail price. In particular, one $2,800 bag costs just $57 to make. This estimated cost includes labor, but not materials, which narrows the profit margin slightly. Still, Dior makes a significant return on every bag sold.

The disclosure has sparked fierce public discourse, with many consumers voicing their displeasure. Some question if the price tag is justified, almost solely for the benefit of showing off a designer item. Others have begun to question the ethics of such pricing strategies, accusing the brand of exploiting consumers and workers alike.

And the criticism has taken its toll. In the luxury markets, the perceived value of brand exclusivity and craftsmanship often surpasses the actual production cost, more so than in other industries. This new conversation undermines Dior's position as a luxury brand, challenging the perceived value that has long justified its pricing. In the long term, a diminished brand reputation threatens other damages, including the possibility of declining sales, as well as the risk that even the strongest brand loyalists might consider switching to other designers.

Still, not all the fault lies with Dior. Similar revelations about other luxury brands suggest an industry-wide practice of hyper–price inflation. Brands throughout the market arguably need to adopt more ethical production methods if they hope to mitigate further reputational damage. Thus far, neither Dior nor its parent company LVMH have publicly commented on the reports. But without improved supply chain management and greater transparency moving forward, the damaging revelations could affect the overall market. Some countries might even choose to make regulatory changes, governing the pricing of these goods to provide greater protections for both consumers and workers.

**Discussion Questions**

1. What public perceptions about Dior have allowed it to charge such high prices for its products?
2. Are these types of price markups ethical? Try to argue both sides.

**Sources:** Carol Ryan, "Christian Dior's $57 Handbags Have a Hidden Cost: Reputational Risk," The Wall Street Journal, July 9, 2024; Charu Dwivedi, "Dior Marketing Strategy: Redefining Luxury," The Strategy Story, May 28, 2023; OpenAI ChatGPT, "Assistance with Research on Christian Dior's Handbag Production Costs and Reputational Risk," ChatGPT, July 25, 2024; Pamela Danziger, "Italy Calls Out Dior for Unethical Supply Chain and Warns Other Luxury Brands About Abuses," Unity Marketing, July 1, 2024.

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# Making Ends Meet: Are Wage Increases Bad for the Food Delivery Business?

## Use with Chapter 16, “Human Resources and Managing the Store”


istockphoto / choochart choochaikupt

It may be a rich person’s world, but there are still things that governments can do to enhance the balance. Large cities have led the charge; for example, New York and Seattle have now implemented wage increases for delivery drivers. Drivers in New York City receive at least $19.56 an hour, while those in Seattle earn $19.97 at a minimum.

But the trend is not limited solely to major metropolitan areas. Other cities and regions across the country have been carefully considering passing similar laws, to allow workers to achieve a minimum standard of living, while also improving working conditions. Such goals seem pretty basic and universal, but not everyone is happy about pursuing them.

In particular, food delivery companies like DoorDash have claimed that the new rules force them to adjust their pricing strategies, raising service fees so that they can shift the burden of the wage increases to consumers. For example, Uber Eats has added a $4.99 surcharge to all orders placed in the Seattle area.

Noting these higher prices (which come on top of rising costs for many food orders already), many customers have stopped ordering food deliveries, or at least cutting back substantially. Uber reported a 45 percent drop in orders in the same Seattle metropolitan area after the new charge went into effect. Some consumers opt to pick up the food themselves; others simply choose to dine in more often. Thus, the delivery platforms have experienced significant declines in orders in these cities.

The effects then spread throughout the supply chain. Restaurants—many of which have grown accustomed to and dependent on the revenues earned through delivery orders—are suffering reduced sales to consumers who decide to cook at home. At the same time, the delivery platforms are instating higher charges for them to appear on the sites. Thus, many small, independent restaurants have struggled to remain open, or at least chosen to eschew the apps to avoid the associated costs.

As sales continue to drop, drivers are finding it harder to keep their delivery jobs. Without consistent work, even the higher wages might not be sufficient to enable them to make a good living. For those drivers who remain, new pressures coming from the restaurants make the job harder for drivers, including longer wait times for orders.

In the long-term though, it may be the food delivery platforms and the service firms that maintain them that stand to lose the most. Diminishing ranks of both drivers and restaurants undermines their service consistency, which lowers their appeal to an already dwindling customer base. Meanwhile, their profit margins have shrunk, despite their efforts to pass along the costs to their restaurant partners or customers.

For the market to recover, some creative approaches, by both companies and legislators, may be necessary. Seattle reportedly is reconsidering its wage increase; companies are revising their operational strategies in search of more sustainable models. Perhaps these experiments and the innovations they produce will end up setting the standard for future, effective, livable wage-setting practices across the country.

**Discussion Questions**

1. What should the minimum wage for delivery drivers be, in your opinion?
2. Why are major cities the first to introduce minimum wage regulations?


**Sources:** Preeta Rana, “Delivery Drivers Got Higher Wages. Now They’re Getting Fewer Orders,” *The Wall Street Journal*, June 22, 2024; Lumida News, “Higher Wages, Fewer Orders: The New Reality for Delivery Drivers,” June 23, 2024; OpenAI ChatGPT, "Assistance with Research on Delivery Driver Wage Impacts," ChatGPT, July 25, 2024; PYMNTS, “Delivery Apps See Orders Drop After Wage Hikes,” June 23, 2024.



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# Off the Cuff: The Pros and Cons of Corporate Uniforms

## Use with Chapter 16, “Human Resources and Managing the Store,” and Chapter 17, “Store Layout, Design, and Visual Merchandising”

*istockphoto / koumaru*

Schools and minimum wage employers tend to have two things in common: teenagers and uniforms. And while both can be troublesome at times, there’s no denying their usefulness.Recent statistics indicate that about 25 percent of the U.S. workforce wears uniforms, suggesting their widespread use beyond familiar settings, such as restaurants or big chain retailers. Their popularity also implies the benefits they provide: Uniforms can help firms create a brand identity, ensure uniformity, and avoid the social hierarchies that individual fashion choices can create.

Furthermore, uniforms affect both employee and customer behavior. According to the psychological principal of *enclothed cognition,* what people wear strongly determines their behavior. Putting on button-down shirt might encourage more formality than an old t-shirt; lacing up a good pair of athletic shoes can make a person feel more physically fit than sliding on some fuzzy slippers. Accordingly, an appropriate uniform can encourage sharper decision-making and quicker reaction times. If they are outfitted in an appealing uniform, especially one that enables them to signal their membership in an aspirational group (e.g., because they work for a popular brand), employees are likely to feel a greater sense of pride in their role and their place within the team, as well as dedicate more devoted efforts to benefiting their employer.

Reflecting their pride, these uniformed employees also can function like brand ambassadors. Customers often perceive this signal, such that uniforms can enhance customers’ sense of trust in the reliability and integrity of employees. Such impressions are particularly important in retail interactions that place a strong emphasis on first impressions, like car dealerships, where uniforms have been shown to increase customer satisfaction by up to 20 percent.

The influences of uniforms on behaviors are not all positive though, and certain risks arise when mandating that all employees wear them. Enclothed cognition cuts both ways, such that some employees might feel increased, or excessive, pressure to conform to a brand’s image, once in uniform. This sort of pressure might not be conducive to optimal performance in work settings that rely on and seek to encourage employee creativity or personal expression.

The supply-side costs of providing and maintaining uniforms can be significant too, especially for small, independent retailers. Some stores attempt to require employees to pay for their own uniforms, but doing so might put them at a competitive disadvantage for attracting the best employees to work for them.

Thus, implementing a uniform policy requires careful consideration, such that companies must evaluate the precise benefits and drawbacks associated with their own unique situations. If they make the decision to require uniforms, they also should solicit and integrate the opinions and suggestions of everyday employees in their designs. Such a collaborative, inclusive effort can offer a good way to encourage uniformity among the workforce, with regard to their attitudes toward uniforms.

**Discussion Questions**

1. What types of industries and roles are best suited to wear uniforms? Why?
2. What are the advantages and disadvantages of implementing a uniform policy, for both the company and the employees?

**Sources:** Bartleby Newsletter, “The Pros and Cons of Corporate Uniforms,” The Economist, March 27, 2024; “The Impact of Uniforms on Branding and Consumer Trust,” FLADCO, May 23, 2024; “The Power of Corporate Clothing Branding: How Uniforms Impact Company Image and Employee Morale,” Azulwear, August 15, 2023; OpenAI ChatGPT, "Assistance with Research on Corporate Uniforms and Their Impact on Branding," ChatGPT, August 12, 2024.

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