IS BRICKS-AND-MORTAR THE FUTURE?

Last week’s announcement that Amazon had outbid Google, Facebook, and Twitter to get the streaming rights to Thursday Night Football games should have come as no surprise—with momentum in its favor as so many traditional competitors struggle, it appears there’s nothing that Jeff Bezos’ brainchild isn’t willing to look at. The company that didn’t even exist twenty-five years ago is now the largest internet-based retailer in the world and became the most valuable retailer by market capitalization two years ago when it surpassed Walmart. In electronics, it produces products such as Kindle e-readers, Fire tablets, and Echo, and is one of the world’s largest providers of cloud infrastructure services.

Among its current initiatives, building a network of bricks-and-mortar stores could have the most far-reaching implications. Amazon is already experimenting with a food store in hometown Seattle with innovative features including not needing to pay before leaving (although it’s still working on getting some bugs out of the system). It also currently has five physical book stores operating with five more under construction.

Beyond the food store effort, The New York Times is reporting that Amazon is exploring the idea to create stores to sell furniture and large appliances like refrigerators—products, it says, shoppers are reluctant to buy over the internet. As with traditional stores in those categories, customers would view the items in person and the items would be delivered, but Amazon would use virtual reality to allow shoppers to visualize how the item would look in their homes. The Times also reports Amazon is kicking around an electronics store concept similar to Apple’s stores, which would emphasize Amazon devices and services such as the Echo intelligent personal assistant and Prime Video streaming service. The company also wants physical stores as a way to get items delivered to customers within just a few hours.

There are skeptics. Supermarket News reports Walmart officials say they’d prefer to build an e-commerce business on top of a 4,000-store retail platform rather than do it the other way around. And the publication also reports that including its not-yet-open convenience store and two pickup stores, Amazon still has 3,997 sites to go and right now is fighting for a tiny 2% piece of the online grocery business.

Amazon’s next major step will be a three-day meeting for vendors next month, in which it will encourage manufacturers to bypass bricks-and-mortar stores and ship products directly to consumers. At a time when it’s been reported that Walmart has had meetings with vendors demanding lower prices, Progressive Grocer says the intent of the upcoming Amazon meeting is to get consumer package goods manufacturers to think less about creating products that stand out on shelves and more about designing products that can be shipped quickly and easily to customers.

AMAZON - WHAT’S NEXT?

One retail chain was saved over the weekend, but another is gone. Stage Stores closed on its purchase of a minimum of 50 Gordmans stores, with rights to assume leases of an additional seven locations. But with no buyer for hhgregg, liquidators started sales on Saturday that will put that chain out of business in an estimated eight weeks. Gregg’s CEO told employees it had held discussions with more than 50 private equity firms, but could not secure a deal with a viable buyer……Fred’s March comparable store sales were down 0.5%, completing a fiscal quarter at down 3.6%. As for its attempt to take over Rite Aid stores to be spun off if the Federal Trade Commission eventually approves Walgreens’ takeover of Rite Aid, Fred’s says it remains committed to buying up to 1200 stores, which would make it the third largest drug chain in the nation. For its current stores, initiatives to roll out beer and wine sales and upgrade its cosmetics assortments are this year’s priorities……The delayed Chrysler Pacifica hybrid minivan, which had been promised for a first quarter delivery to dealers, will finally start shipping next week. The Pacifica is the first plug-in minivan on the market and is rated at 84 miles per gallon using both electric power and gas with a total range of 566 miles on a single charge……The National Automobile Dealers Association reiterated its 2017 forecast after seeing the numbers for the first quarter, saying it expects a sales total of 17.1 million vehicles, which would be a 2.5% decline compared to the record set last year. “What we’re looking at is still a very strong year,” NADA Chief Economist Steven Szakaly said. “As far as the new-car part of the business, we are still very optimistic”……While GameStop is closing stores of its flagship business, the ThinkGeek business it acquired in 2015 is headed in the opposite direction with expansion plans. The chain that specializes in sci-fi, anime, and comic book collectibles reported a total sales gain of 28% in the latest quarter, with strength from Pokemon toys and apparel……Costco had a very strong March with comp store sales up 7% in total and 6% excluding gas……L Brands is still living through a decision to drop swimwear at Victoria’s Secret, where comps for March were down 13%. Sales at Bath & Body Works were flat……Taco Bell is rolling out a loaded taco burrito as a national limited time offer and testing two new items—a Mexican Crispy Chicken Pizza and a breakfast taco with a fried egg for a shell……Eastern Outfitters, which filed for bankruptcy in February, is asking for court approval to close 48 of 86 Bob’s Stores (apparel and footwear) and Eastern Mountain Sports (outdoor gear) locations. The company is working with interested buyer Sports Direct to avoid the pitfalls that brought down Sports Authority.
CABLENET CHATTER
EI announced last week its acquisition of the People’s Choice Awards. The network will be the exclusive home of the popular award show that celebrates the best in pop culture, and where the winners are selected entirely by fans. EI will air the People’s Choice Awards 44th edition in 2018. In addition to the awards show, EI will also have access to the award show’s vast digital, social and voting platforms. Nearly 300 million votes were cast for its most recent installment, which aired on January 18th on CBS……

Billie Lourd has joined the cast of the seventh season of American Horror Story. Lourd will star with AHS veteran Sarah Paulson (in an election themed season of the FX anthology. Evan Peters will return and will join other newcomers including Billy Eichner. Ryan Murphy, creator of American Horror Story said in February, “I don’t have a title but the season we begin shooting in June is going to be about the election that we just went through. So, I think that will be interesting for a lot of people.” Lourd is the daughter of the late Star Wars actress Carrie Fisher and is known for playing Sadie Swenson in Scream Queens season 2. She appeared with her mom in Star Wars: The Force Awakens, and will return in Star Wars: The Last Jedi……SunSoscope will begin airing first-season episodes of the Amazon series Transparent later this summer. The groundbreaking Emmy-nominated, Golden Globe-winning series was created by Jill Soloway and stars Jeffrey Tambor. The announcement came as AMC Networks made its first cross-channel upfront in New York, with presentation from AMC, WE tv, SundanceTV, IFC and BBC America. Brockmier’s Hank Azaria and Amanda Peet, Walking Dead alum Emily Kinney, Giancarlo Esposito and Jonathan Banks of Better Call Saul were on hand at the presentation to visit tables and break bread with the press and ad buyers……FX chose to hold its upfront presentation at Lucky Strike Manhattan last week with a night that featured a lot of pitchers — of Guinness, Sam Adams, Corona, etc. The night included bowling and a screening of the first episode of the third season of Fargo, which begins on April 19th. Stars on hand from the FX shows included Ewan McGregor of Fargo, Chris Geere of You’re the Worst and Darrin Criss who will play the killer in American Crime Story: Versace. Alfred Molina (Feud), Sarah Paulson (American Horror Story), Jean Smart (Legions) and Kerri Russell (The Americans) also made appearances. The 2018 relaunch of Spike as the Paramount Network will feature a six-part documentary called Rest in Power: The Trayvon Martin Story. The project comes The Weinstein Company and Jay Z. The partnership is also working on a feature film on the same subject……Fox News Channel’s The O’Reilly Factor fell to second place behind MSNBC’s Rachel Maddow Show in last Wednesday’s ratings. In the key demo of 25-54, Maddow drew 607,000 viewers compared to O’Reilly’s 561,000, according to Nielsen.

POLITICS: WAIT ‘TIL NEXT YEAR
The dust has barely settled on political advertising for 2016, but some in the industry are already gearing up for what should be a huge year of politics in 2018. Steve Lanzano, President and CEO of the Television Bureau of Advertising, points out the 2018 election will have contests for 34 Senate seats and 36 gubernatorial elections, as well as all seats in the House of Representatives, and he quotes a few studies of 2016 that prove the value of local television advertising. Of great importance of course is the reach of local TV—the Nielsen Total Audience Report shows adults continue to watch more than twice as much TV each week compared to the second and third most-watched media platforms. And he notes TV is also the most influential medium—a recent Morning Consult poll in 10 swing states said almost 60% of respondents named TV as their top influencer of voting decisions. Additionally, a study done by the Video Advertising Bureau added that 79% of undecided voters expected to vote TV to be the largest influencer of their ultimate choice on who to vote for. Lanzano sums up saying no other medium can compete with TV in reach, influence and effectiveness and campaign professionals should keep that in mind when planning advertising strategies.

BUSINESS BYTES
With apparently more to come, CNBC is reporting the number of retailers filing for Chapter 11 bankruptcy protection is heading towards the biggest number since the Great Recession of a decade ago. Consulting firm AlixPartners noted nine such bankruptcies in the first quarter this year, equaling the number for all of 2016, and Alix notes that more than half the filings have come from retailers owned by private equity firms. When private equity buys out a firm in a leveraged buyout, it uses a combination of equity and debt—leaving the retail chain deeply in debt in some cases as it starts out with new ownership. Some private equity firms look for undervalued retailers and find ways to cut costs, sometimes not investing money in areas like the stores or digital operations. Put that together with the continued growth of online shopping, declining mall traffic, and many customers tending to prefer experiences over physical goods, and Deb Rieger-Paganis, managing director of turnaround and restructuring at AlixPartners, says “It’s just kind of this perfect storm where things are coming together and it’s going to continue for a while…This is going to be a cycle.”

21st CENTURY INVESTIGATES O’REILLY
Variety reports that 21st Century Fox, the parent company of Fox News, will investigate the sexual harassment claims leveled at host Bill O’Reilly, according to the lawyer of one of his accusers.

Civil rights attorney Lisa Bloom, who is representing former “The O’Reilly Factor” contributor Wendy Walsh, said she was told by the company’s lawyers that they would launch an investigation based on Walsh’s accusations.

Walsh told the New York Times that O’Reilly backed out on a promise to get her a job at Fox News after she rejected his sexual advances.