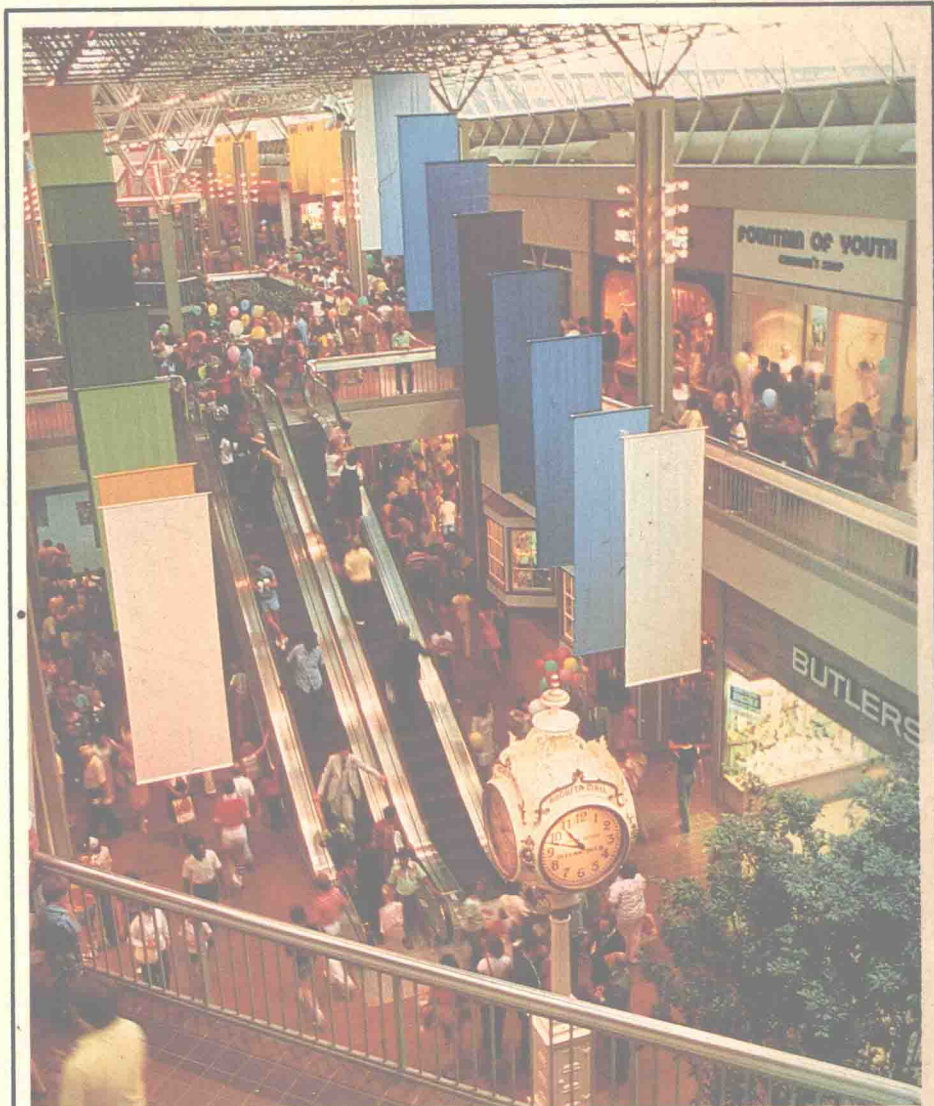
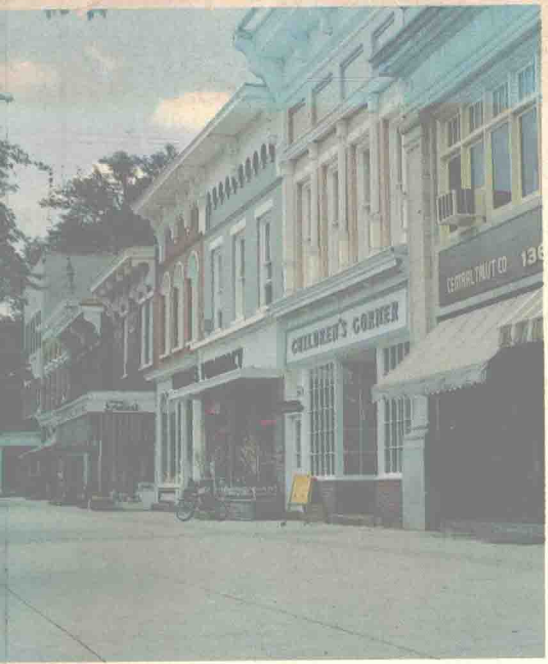


Student Guide to accompany

Retailing

Principles and Practices



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Student guide to accompany
Retailing: Principles and Practices

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1 2 3 4 5 6 7 8 9 10 — 85 84 83 82

Contents

<u>Chapter</u>	<u>Page</u>
1	2
2	11
3	22
4	32
5	41
6	52
7	63
8	72
9	82
10	93
11	103
12	112
13	120
14	129
15	140
16	150
17	162
18	171
19	180
20	188
21	196
22	204
23	213
24	220
25	228
26	237
27	246

General Chapter Format

Chapter Objectives
Chapter Outline
Key Terms and Concepts
Practice Exam
Key Terms and Concepts
-- Answers
Practice Exam -- Answers

Student guide to accompany
Retailing: Principles and Practices

CHAPTER 1

THE NATURE OF RETAILING

CHAPTER OBJECTIVES

After studying this chapter, the student should be able to:

Appreciate the complexities of operating a retail business

Distinguish retailers and their activities from other marketing institutions

Discuss the retailer's problem of developing the right blend of marketing ingredients necessary for customer satisfaction

Explain what merchandising factors are involved with offering the right product...in the right place...at the right time...in the right quantities...at the right price...with the right appeal

CHAPTER OUTLINE

THE RETAILING MYTH

WHAT IS RETAILING?

The Retailer

Retailing

Retail sales

Business Sales

The Retail Level

The Marketing Channel

Marketing Channel Team

Marketing Channel Teamwork

Marketing Channel Flows

THE PROBLEM OF RETAILING

The Marketing Concept

The Right Blend

The Right Choice

WHAT MAKES A PRODUCT RIGHT?

- Intrinsic Qualities
- Merchandising Utilities

WHAT MAKES A PLACE RIGHT?

- Market Areas
 - Regional Markets
 - Local Markets
 - Trading Areas
 - Site Locations
- Market Coverage
 - Intensive Coverage
 - Selective Coverage
 - Exclusive Coverage
- Store Layout And Design
 - Floor Location
 - Self Position
 - In-store Location
 - Display Location

WHAT MAKES A TIME RIGHT?

- Calendar Times
- Seasonal Times
- Life Times
- Personal Times

WHAT MAKES A QUANTITY RIGHT?

- Number Of Units
- Size of Units
- Unit Measurements
- Unit Need

WHAT MAKES A PRICE RIGHT?

- Consumer Viewpoint
- Retailer Viewpoint

WHAT MAKES AN APPEAL RIGHT?

- The Right Message
 - Message Content
 - Message Presentation
- The Right Audience
 - Mass Market Audience
 - Target Market Audience
- The Right Media

KEY TERMS AND CONCEPTS

Matching. Match the following marketing terms and concepts with the correct definition or description provided below. Insert the correct letter in the space provided to the left of each term or concept. Correct answers are provided at the end of this chapter.

- | | |
|---------------------------------------|-------------------------------------|
| ___ 1. Selective Market Coverage | ___ 12. Intrinsic Qualities |
| ___ 2. Attractor-Interceptor Strategy | ___ 13. Demographic Characteristics |
| ___ 3. Mass Market Audience | ___ 14. Retailer |
| ___ 4. Market Segmentation | ___ 15. Merchandising Utilities |
| ___ 5. Indirect-Action Message | ___ 16. Intensive Market Coverage |
| ___ 6. Marketing Concept | ___ 17. Business Sale |
| ___ 7. Ring Of Perishables | ___ 18. Market |
| ___ 8. Exclusive Market Coverage | ___ 19. Retail Sale |
| ___ 9. Target Market Audience | ___ 20. Direct-Action Message |
| ___ 10. Patronage Motives | ___ 21. Marketing Channel |
| ___ 11. Psychographic Profiles | |

- a. Consumer shopping and buying traits (what, when, where, how much, and why consumers buy) which are used by retailers in their market segmentation efforts.
- b. The perceived, real, functional, or psychological satisfactions provided by a product's brand name, style, model, size, color, and service features.
- c. An in-store location practice of placing "big ticket" merchandise items in the back of the store in order to draw customers through the entire length of the store in hopes that customers will pass by departments carrying complementary product lines.
- d. Consumer descriptions (age, sex, income, race, occupation, and family structure) which are used by retailers in their market segmentation efforts.

- e. Any business establishment which directs its marketing efforts toward the final consumer for purposes of selling goods or services.
- f. A geographic area where buyers and sellers meet to exchange money for products and services.
- g. A promotional appeal with the long-term objective of changing consumer attitudes toward the retailer by cultivating the retailer's image as the right place for the consumer to shop.
- h. A sale by a retailer in which the buyer's motive for making the purchase is either to resell the product at a profit or to use the product in conducting a business.
- i. A place strategy in which the retailer elects to use as many outlets as are justified in order to obtain blanket coverage of an entire market area.
- j. Composite "pictures" of different consumer life styles used by retailers in their market segmentation efforts.
- k. A product's inherent, physical attributes as defined by its form, features, materials, and workmanship.
- l. The promotional strategy of directing the retailer's appeals to a select group of customers within a market area.
- m. A place strategy whereby a retailer chooses enough locations to ensure that target consumers will make some of their comparisons in her store, but not so many sites that she caters basically to the same customers.
- n. A sale by a retailer in which the buyer's motive for making the purchase is personal consumption of the product.
- o. A promotional appeal which urges the consumer to take immediate advantage of a special sales promotion.
- p. A team of marketing institutions which directs a flow of goods or services from the producer to the final consumer.
- q. A business philosophy which states that the overall goal of every business organization is to satisfy consumer needs at a profit.
- r. A place strategy in which the retailer elects to use one location to serve either an entire market area or some major segment of that market.

- s. The supermarket store layout principle of placing eggs, milk, butter, meat, and vegetables along the side and back walls of the store in hopes of drawing customers throughout the store.
- t. The strategy of directing the retailer's promotional appeals to all consumers within a market area.
- u. The process of dividing mass markets into smaller, more homogeneous submarkets.

PRACTICE EXAM

True Or False. Determine whether the following statements are true or false. Indicate the correct answer by inserting T for true statements or F for false statements in the space provided to the left of each statement. Correct answers are provided at the end of this chapter.

- ___ 1. The ease of entry into the retailing field is the most commonly cited reason for the retailing myth that anyone can successfully run a retail business.
- ___ 2. Obtaining a business license is often the only formal legal requirement for starting a retailing business.
- ___ 3. While the business failure rate among retailers is relatively low, nevertheless, approximately one out of every eight new retail businesses fail within the first year.
- ___ 4. Retailers always limit their operations to the retail level of the marketing channel of distribution.
- ___ 5. While a producer may elect not to include an independent wholesaler or retailer in the channel team, he can never eliminate the functions which must be performed at each channel level.
- ___ 6. The marketing concept stresses matching supply to demand rather than matching demand to supply.
- ___ 7. The right blend of marketing ingredients is simply that blend that is right for customer satisfaction and nothing more.

- ___ 8. Within a retail display, the best position is the righthand side because most consumers view a display from right to left.
- ___ 9. Sundays are always the right time of the week for all retailers to sell their products because consumers have free time to shop.
- ___ 10. The best part of any selling season is the beginning of the season when they can sell goods at full markup.
- ___ 11. The only consideration in determining the right price is customer satisfaction.
- ___ 12. A direct retail competitor is any store who sells the same product line regardless of where they are located.
- ___ 13. The right message content is the appeal that emphasizes what the consumer is most concerned about and explains how the retailer's offerings can satisfy those concerns.
- ___ 14. The promotional message "when you think of fine clothing, think of us" is a good example of a direct-action message.
- ___ 15. A logical message appeal is one that speaks not to what consumers think, but to what they feel.

Multiple Choice. Determine which answer best answers the question or completes the statement. Indicate the best answer by inserting the correct letter in the space provided to the left of the question or statement. Correct answers are provided at the end of this chapter.

- ___ 1. An office supply retailer sells a typewriter to a clothing retailer who plans to use the typewriter in conducting his business; the office supply store has made a:
 - a. retail sale.
 - b. business sale.
 - c. wholesale sale.
 - d. producer sale.
- ___ 2. According to the Census of Retailing, a retailer is any business establishment whose retail sales exceed ___ ? ___ percent of total sales.
 - a. 10
 - b. 40
 - c. 50
 - d. 75
 - e. 90

- ___ 3. The marketing channel alternative in which the producer elects to market straight to the final consumer and to eliminate the independent wholesaler and retailer from the channel team.
- a. limited channel
 - b. extended channel
 - c. selected channel
 - d. direct channel
- ___ 4. The most likely channel alternative for marketing "big ticket" products (automobiles and furniture) and "perishable" products (fashionable clothing and fresh foods) is a ___ ? ___ channel of distribution.
- a. direct
 - b. extended
 - c. limited
 - d. intensive
- ___ 5. Door-to-door, television, magazine, and direct-mail selling are all techniques used by producers who prefer a ___ ? ___ channel of distribution.
- a. extended
 - b. selected
 - c. limited
 - d. direct
- ___ 6. Which of the following is not one of the ingredients of the "right blend?"
- a. the right product
 - b. the right appeal
 - c. the right time
 - d. the right profit
 - e. the right place
 - f. the right price
- ___ 7. The consumer's problem of the right choice is that set of decisions which best satisfies the consumer's needs ___ ? ___ the purchase decision.
- a. before
 - b. during
 - c. after
 - d. all of the above

- ___ 8. If a man believes that a new suit makes him look thinner, which merchandising utility is he experiencing?
- a. intrinsic satisfaction
 - b. real satisfaction
 - c. functional satisfaction
 - d. psychological satisfaction
- ___ 9. The "right town" and the "right part of town" are the key place decisions associated with:
- a. regional markets.
 - b. local markets.
 - c. trading areas.
 - d. site locations.
- ___ 10. The ___ ? location decision is concerned with intercepting customers on their way to work or on their way home and with accessibility from the standpoint of approaching, entering, and exiting a location.
- a. regional market
 - b. local market
 - c. trading area
 - d. site
- ___ 11. Generally, retailers who sell convenience goods employ a ___ ? market coverage strategy.
- a. direct
 - b. intensive
 - c. selective
 - d. exclusive
- ___ 12. Which of the following is not one of the advantages enjoyed by the retailer who uses an exclusive market coverage strategy?
- a. enhancement of store image
 - b. avoidance of direct brand competition
 - c. complete market area coverage
 - d. all of the above are advantages
- ___ 13. The right price is the price that is capable of:
- a. generating sales.
 - b. covering costs.
 - c. making a profit.
 - d. meeting customer expectations.
 - e. meeting competitive prices.
 - f. all of the above.

- ___ 14. The promotional message that "we sell only brand-name merchandise" is an attempt to appeal to the consumer's sense of:
- loyalty.
 - security.
 - fair play.
 - adventure.
- ___ 15. A clothing store which directs its merchandising efforts toward low-income, blue-collar workers is an example of a retailer who uses ___ ? ___ to segment the market.
- patronage motives
 - demographic characteristics
 - psychographic profiles
 - consumer lifestyle profiles

KEY TERMS AND CONCEPTS ANSWERS

Matching

- | | | |
|------|-------|-------|
| 1. m | 8. r | 15. b |
| 2. c | 9. l | 16. i |
| 3. t | 10. a | 17. h |
| 4. u | 11. j | 18. f |
| 5. g | 12. k | 19. n |
| 6. q | 13. d | 20. o |
| 7. s | 14. e | 21. p |

PRACTICE EXAM ANSWERS

True or False

- | | | |
|------|-------|-------|
| 1. T | 6. T | 11. F |
| 2. T | 7. F | 12. F |
| 3. F | 8. T | 13. T |
| 4. F | 9. F | 14. F |
| 5. T | 10. T | 15. F |

Multiple Choice

- | | | |
|------|-------|-------|
| 1. b | 6. d | 11. b |
| 2. c | 7. d | 12. c |
| 3. d | 8. d | 13. f |
| 4. c | 9. b | 14. b |
| 5. d | 10. d | 15. b |

CHAPTER 2

THE INSTITUTIONS OF RETAILING

CHAPTER OBJECTIVES

After studying this chapter, the student should be able to:

Recognize the different types of retailing institutions which comprise the retailing community

Identify the organizational and operational traits that characterize each type of retailer

Discuss the principle product, price, place, and promotion strategies employed by each type of retailer

Discern the relative advantages and disadvantages that accrue to each type of retailer

Identify and discuss the theories of retail institutional change that are used to explain past evolution and predict future developments in retailing

CHAPTER OUTLINE

SPECIALTY STORE RETAILING

Specialty Retailers

Single-Line Specialty Retailer

Limited-Line Specialty Retailer

Merchandising Strategies

The Product Mix

The Price Mix

The Place Mix

The Promotion Mix

DEPARTMENT STORE RETAILING

- Department Store Retailers
 - Independent Department Store
 - Department Store Chain
 - Department Store Ownership Group
 - Branch Department Store
- Merchandising Strategies
 - The Product Mix
 - The Price Mix
 - The Place Mix
 - The Promotion Mix

CHAIN STORE RETAILING

- Chain Store Retailers
 - Large Chains
 - Small Chains
- Merchandising Strategies
 - The Product Mix
 - The Price Mix
 - The Place Mix
 - The Promotion Mix

DISCOUNT STORE RETAILING

- Discount Retailers
 - Distressed Discount Stores
 - Conventional Discount Stores
- Merchandising Strategies
 - The Product Mix
 - The Price Mix
 - The Place Mix
 - The Promotion Mix

SUPERMARKET RETAILING

- Supermarkets
- Superettes
- Merchandising Strategies
 - The Product Mix
 - The Price Mix
 - The Place Mix
 - The Promotion Mix

CONVENIENCE STORE RETAILING

- Convenience Stores
- Merchandising Strategies
 - The Product Mix
 - The Price Mix
 - The Place Mix
 - The Promotion Mix

CONTRACTUAL RETAILING

- Contractual Retailers
- Retailer-Sponsored Cooperative Groups
- Wholesaler-Sponsored Voluntary Chains
- Franchised Retailers
 - Manufactured-Sponsored Retailers
 - Wholesaler-Sponsored Retailers
 - Service Firm-Sponsored Retailers
- Leased Departments

WAREHOUSE RETAILING

- Warehouse Retailers
- Warehouse Showrooms
- Catalog Showrooms
- Home Centers
- Hypermarkets

AT-HOME RETAILING

- At-Home Retailers
- Cold-Canvass Method
- Established Territory Method
- Party Plan Method

MAIL-ORDER RETAILING

- Mail-Order Retailers
- Types of Mail-Order Retailing
 - General Merchandise Mail-Order House
 - Novelty Mail-Order Retailer
 - Supplementary Mail-Order Operation
- Forms of Mail-Order Retailing
 - Catalog Operations
 - General Merchandise Catalog
 - Specialty Catalog
 - Promotional Catalog
 - Coupon Operations

TELEPHONE RETAILING

- Retail Telephone Operations
- Teleshopping

VENDING MACHINE RETAILING

THEORIES OF RETAIL INSTITUTIONAL CHANGE

- Wheel of Retailing
 - Entry Phase
 - Trading-up Phase
 - Vulnerability Phase
- Dialectic Process