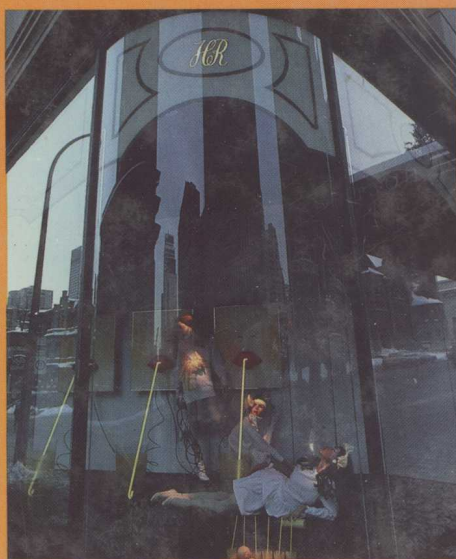


Mason · Mayer · Ezell

Foundations of

Retailing

Second Edition



Foundations of Detailing

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all of

Graduate School of Business
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The University of Alabama

1984 • Second Edition



BUSINESS PUBLICATIONS, INC.
Plano, Texas 75075

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ISBN 0-256-02942-3

Library of Congress Catalog Card No. 83-72609

Printed in the United States of America

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Foundations of
Detailing

Consulting Editors in Marketing

Robert E. Witt and Mark I. Alpert

Both of The University of Texas at Austin

PREFACE

For the career-oriented student, few topics are more exciting and dynamic than retailing. Studying the subject paves the way for the most diversified career opportunities available in the marketplace of the 1980s and beyond. *Foundations of Retailing, Second Edition*, has been designed to reflect the dynamics of retailing and to make the study of the field more rewarding for both students and instructors.

Approach of the text

This text uses a “how-to” approach within a management context. We address all questions likely to be asked by a person interested in a retail career as an owner, a manager of an enterprise, or an employee who is uncertain of future directions. Answers to the questions we raise are stated from a pragmatic, how-to, small-business point of view. But we have not sacrificed the conceptual and analytical foundation necessary for a complete introduction to the field. The approach we have taken assumes no prior knowledge from any courses in business; thus, material is presented in simple, straightforward language. With our assumption of “no prerequisites needed,” we have defined all terms carefully. We also provide many real-life examples to illustrate the points to be clarified by such efforts.

The book presents a strong career focus which will provide you the opportunity to learn more about the world of work, regardless of whether you ever find yourself in retailing.

The framework of the book is “The Student’s Guide to Retailing,” appearing in the introduction to Part I. This guide is an overview which helps you see the entire course at a quick glance. You can also look at the guide as a tool which can be used to look at yourself and the real world. The guide also can help students with only a tentative interest in retailing as a career, because it can help clarify issues involved in making career decisions.

The objectives of this text are to ask and answer questions relating to:

What a person needs to know before making a decision (either careerwise or investmentwise) about retailing.

What must be considered to plan for situations over which management has no control, in other words, the external environment of retailing.

The ways a person can assure that operations will be profitable.

How to evaluate profitability to date (as determined by accounting and control systems).

Whether retailing is a viable career (or investment) in your future.

This book is written from the point of view of the student who is asking questions about retailing as a career and as a possible small-business venture. After studying the book the student will know the opportunities, problems, challenges, and success potential of operating a retail business or working for someone else who does.

This book presents the broad spectrum of opportunities that exists for the aspiring retailer. What types of stores are out there? Large ones like J. C. Penney and small ones like your local 7-Eleven. Fancy ones like Neiman-Marcus and no frills such as Marshalls and T. J. Maxx.

Where will the action in retailing be during the late 80s? The small, secondary markets look good to many strategic planners. Will the outlying regional malls in metropolitan areas still be attractive investments? What about downtown (the central business district)?

Which names are part of the big retail action? Carter Hawley Hale, Macy's, Dayton Hudson, May, and Federated in the department store field. What action can we expect from the three big national general merchandise chains—Sears, Penney's, and Wards? A good question! Will Macy's Harold Square Store continue to outdistance Bloomingdale's in New York during the last half of the 80s? Watch The Limited for smart fashion strategy, B. Dalton books, deli departments in superstores, and upscale fancy food emporiums for at-home dining; the vast proliferation of computer hard- and software in all kinds of outlets, and much more!

What does all this diversity mean to the student? Many choices for different types of careers exist—choices in types of retailing, locations, size, and degree of dynamics. Many types of skills are needed. Retail organizations need people to manage all of the functions which must exist to serve the customer. This edition incorporates all these aspects.

Organization of the text

The book flows in a logical sequence because each topic fits into a planned framework. Part I of the framework, "In the beginning . . ." discusses what

retailing is like today. The first chapter quickly initiates you into the retailing fraternity! Chapter 2 asks and answers critical questions about the consumer followed by concepts of lifestyle merchandising, location decisions, and building design and layout. After these basic issues are considered, Part II admits that “. . . one may be ready for the retail business . . . but” be aware of the environmental forces which affect managerial decisions.

The framework continues into Part III which faces the problem of “. . . planning for profit.” In this pragmatic, hands-on part, the function of budgeting, pricing, receiving and marking, selling, and promoting are addressed.

“Has a good job been done? One must measure results . . .” which is addressed in Part IV’s attention to control and accounting systems. Part V, finally, poses the critical questions—“Now—is retailing for you?” Specific questions about careers and the future help you answer the question. Thus, the framework has gone full circle.

Some other things about the book

We have tried to make this book interesting and reflect the excitement of retailing. You will find some entertaining cartoons. Some of the premier retail firms in our country have provided excellent photographs. “Study Aids” in many chapters give you some additional substance to enlighten the topic you’re studying.

How to learn retailing with this book

Look carefully at the first page of each chapter. This information is valuable. It lists topics covered in the chapter and spells out the specific learning objectives. If you can answer the questions raised on the first page, you’re making real progress. It’s a good preview and review.

Each chapter includes discussion questions to make you think about what you’ve read and to test your memory and understanding of the chapter. Practice problems are given in some chapters so you can check your understanding of skills explained in the book. Always work the problems. Each chapter also includes discussion motivators in the form of minicases. These cases let you confront a real situation to make a decision or to judge the actions of someone. These cases are fun and good learning experiences.

This new edition offers another outstanding *plus*—a student Learning Resource Guide which can be of great value in studying retailing. Its self-examinations let you test your knowledge, additional minicases let you apply your logic, and selected readings broaden your knowledge of the subject. The Learning Resource Guide will make learning more challenging and give you confidence about your mastery of retailing topics.

In addition to the key terms highlighted in the beginning of every chapter, important definitions have been added to the end of the book.

Acknowledgments

We are pleased that colleagues who have taught the book for the past three years have given us valuable suggestions for improvements. Many persons from both the business world and the world of academics have been valuable in assisting us throughout this experience.

Our sincerest appreciation is extended to the following persons who graciously assisted in the preparation of the manuscript: Gemmy S. Allen, Mountain View College; Mark I. Alpert, University of Texas at Austin; Ronald Bernard, Diablo Valley College; Jerry A. Cooper, Southern Oregon State College; Wilma S. Greene, University of Alabama; Blaine Greenfield, Bucks County Community College; James Healey, Chabot College; Michael F. O'Neill, California State University, Chico; Elisabeth K. Ryland, Farmville, Virginia; Robert H. Solomon, Stephen F. Austin State University; Robert Stephens, University of Tennessee at Martin; and Robert E. Witt, University of Texas at Austin.

The following business firms have been generous with their time and materials. We extend our gratitude to: Aronov Realty, Macy's, National Cash Register, Parisian, The Jewel Companies, J.C. Penney Company, Inc., Carter Hawley Hale, The May Company, Revco, Walgreen, Sears, K mart, and The Doody Co.

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IN THE BEGINNING . . .

PART

At the first class meeting of a new term, an instructor typically begins by telling students about their course. Such things as the what, why, and how are covered. So it is with this book. See Figure I-1 for the *Student's Guide to Retailing*. The starting point is Box A. "In the beginning there are things one should know . . ." as background before retailing can be understood. Not only is this true in *studying* retailing but also in *practicing* retailing. Our guide is presented from two points of view—that of a student of retail marketing and that of a student considering retailing as a career.

These perspectives demonstrate two purposes of the guide as well. The first purpose is to serve as a framework for the book. Second, readers should imagine that they are trying to decide what to do after college. We want the readers to think about retailing as a practical career possibility. This could be a way to get into a management role rather quickly. Figure I-1 can be useful as a guide in getting through the book *and* as a guide for helping make a career decision.

Part I of the book is outlined in Box A. It deals with the basic knowledge of retailing. The six chapters in Part I explain:

1. What retailing is like today.
2. How to understand the consumer.
3. Lifestyle merchandising.
4. Forms of retail business ownership.
5. How to make location decisions.
6. How to plan a store.

The next four chapters, Part II as outlined in Box B, analyze the environmental forces that affect managerial decisions. Part III, shown in Box C, provides the framework for planning for profit. Part IV, shown in Box D, explains the systems that help retailers see if a good job has been done. And, finally, Part V, depicted in Box E, addresses the questions of career and the future of retailing. After considering Boxes A through D and facing the problems honestly, a student should know if retailing is a good choice as a career.

Investigating what retailing is like, understanding the consumer and lifestyles, and learning how to go into business, how to make location decisions, and how to plan a store may appear to be one-time decisions in the life of a retail business. Do not be misled. Each of these *beginning* issues must be faced constantly. Retailing changes involve fickle consumers whose lifestyles are dynamic. Business possibilities vary over time with locations changing character. And store planning ideas reflect the times.

People go to doctors periodically to check the state of their health. Likewise, retailers must monitor their businesses every few years. (Students can check the "health" of their career paths at various stages, too. If they are in good health, they should keep on doing what they are doing.)

An investigation of retailing today can serve as a beginning point.