



RETAILING
THIRD EDITION

PATRICK DUNNE
ROBERT F. LUSCH

RETAILING

THIRD
EDITION

PATRICK DUNNE
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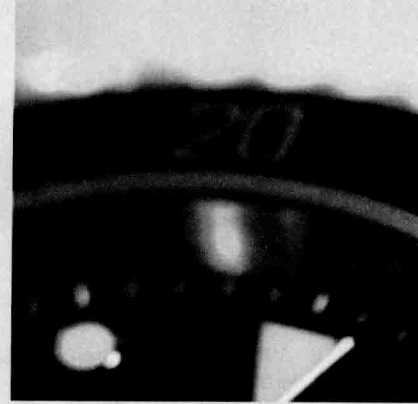
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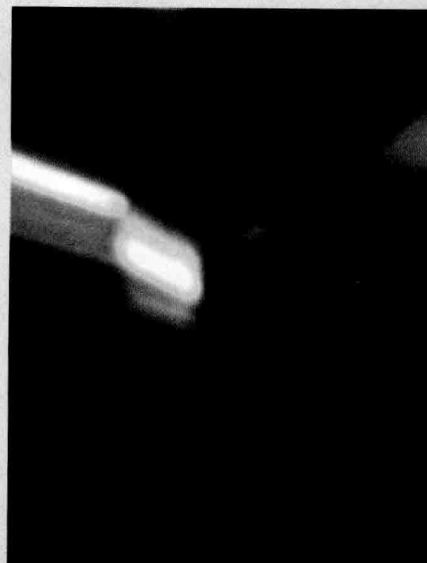
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THIS BOOK IS DEDICATED TO
OUR FATHERS (TOM DUNNE
AND FRANK LUSCH), WHO
FIRST GAVE US AN
APPRECIATION AND LOVE
FOR RETAILING,
AND TO BOB KAHN AND
BILL DAVIDSON WHO HAVE
CONTINUED TO PROVIDE US
WITH THEIR INSIGHTFUL
ANALYSIS OF THE CURRENT
STATE OF RETAILING.



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P R E F A C E

This Third Edition of *Retailing*, like much of retailing itself, has undergone significant changes from prior editions. Not only do we have a new publisher, but we have added many new and exciting features. Given the impact of the Internet and the many changes in the world's economic systems, there has never been a more exciting time to study retailing. Thus every chapter in this text discusses the impact of the Internet and Global Retailing on retailing concepts and practices. As a result, we believe that students and instructors will like this edition even more than they did the highly-successful first two editions.

The authors have a strong belief that retailing, with one out of every five jobs in today's economy, offers one of the best career opportunities for today's students. Thus, *Retailing* was written to convey that message, not by using boring descriptions of retailers and the various routine tasks they perform, but by making the subject matter come alive by focusing on the excitement that retailing offers its participants, in an easy-to-read conversational style filled with pictures and exhibits. This text demonstrates to the student that retailing as a career choice can be fun, exciting, and challenging. This excitement arises from selecting a merchandise assortment at market, determining how to present the merchandise in the store, developing a promotional program for the new assortment, or planning next season's sales in an ever-changing economic environment. While other texts may make retailing a series of independent processes, this edition, like the first two editions of *Retailing*, highlights the excitement, richness, and importance of retailing as a career choice. *Retailing* provides the student with an understanding of the inter-relationship of the various activities that retailers face daily. To do this we attempted to show how retailers must use both creativity and analytical skills in order to solve the problems of today's fast-paced environment.

In keeping with our goal of maintaining student interest, *Retailing* focuses on the material that someone entering the retailing field would need to know. We were more interested in telling the student what should happen, and what is happening, than in explaining the academic "whys" of these actions. Thus, when knowledge of a particular theory was needed, we generally ignored the reasoning behind the theory for a simple explanation and an example or two of the use of the theory. In presenting these examples we drew from a rich array of literature sources, as well as our combined 75 years of work in retailing.

Students and teachers have responded favorably to the "personality" of *Retailing* because the numerous current examples, both in the text itself and in the Winners & Losers, Global Retailing, and Behind the Scenes boxes, give realistic insights into retailing. One student wrote to say "thanks" for writing a book that was "so interesting and not too long." A faculty member noted she was "so pleased with the writing style because it was easier to understand, and the examples used were very appropriate and helped to present the material in a meaningful and easy-to-grasp manner for students. Still another liked *Retailing* because the writing style was "conversational, thus lending itself to very easy reading," so that she felt confident that her students would read the chapters. "The content coverage was excellent. Terms were explained in easy-to-understand language. And, although most of the topics of an advanced retailing text were presented, the extent and presentation of the material was very appropriate to an introductory course." Another reviewer for this third edition was especially pleased that we used two senior retailing executives (Robert Kahn, the editor of *Retailing Today* and an advisor to many

of the nation's top retailers, and David Overton, Vice-President, Strategy and Business Development Home Services for Sears Roebuck & Company) as our first reviewers on each chapter. These reviews enabled us to incorporate so many new, more current examples, as well as the discussion of issues that are only now being discussed in board rooms. Another reviewer asked that we "please keep a few of the examples, especially our boxes, from the earlier editions" because he considered these examples "classics." Well the customer is always right, so we retained a few of these classics, but most examples are new to this edition.

TEXT ORGANIZATION

Retailing, which features an attractive, full-color format throughout the entire text, is divided into five parts, which are in turn divided into 16 chapters, that can easily be covered over the course of the term. Part 1 serves as an introduction to the study of retailing and provides an overview into what is involved in retail planning. Part 2, examines the environmental factors; customers, competitors, channels, and legal system, that impact retailing today. Part 3 examines the role location plays in a retailer's success.

Part 4 deals with the operations of a retail store. This section begins with a chapter on managing the retailer's finances. Special attention in this section is given to merchandise buying and handling, pricing, promotion and advertising, personal selling, and store layout and design. At the end of this section is a chapter on the retailing of services. In Part 5 we discuss retail administration in detail with chapters on managing human resources and retail information systems.

In addition, there is an appendix that includes answers to sample test questions. Also, there are three separate indexes grouped by company, name, and subject. Finally, a brief profile of the nation's largest retailers, along with their last three year's sales, stock exchange symbol, and web site address is on the inside of the front and back covers.

CHAPTER ORGANIZATION

Each chapter begins with an Overview which highlights the key topic areas to be discussed. In addition, a set of Learning Objectives provides a description of what the student should learn after reading the chapter. To further aid student learning, the text material is integrated with the objectives listed at the beginning of the chapters and in the summaries at the end. Numbered Learning Objectives appear in the margins and summaries of the text to mark where each objective was fulfilled. Also, a Top 25 Retailer icon has been placed in the margins so students can quickly find top retailer examples. In addition the text features a prominent placement of key term definitions in the margin to make it easier for students to check their understanding of these key terms. If they need a fuller explanation of any term, the discussion is right there—next to the definition.

The body of text will have photos, exhibits, tables, and graphs presenting the information and relationships in a visually appealing manner. The chapters will have three retailing boxed features covering either the brilliant decisions made by retailers or their mistakes (Winners & Losers), the inside story on a particular retailing event or decision (Behind the Scenes), and what is happening in the international retail market (Global Retailing). These are typically lengthier real-world examples than can be incorporated in the regular flow of text material. Some of these boxed features are humorous, while others present a unique way to solve problems retailers faced in their everyday operations.

At the conclusion of each chapter is a Student Study Guide. The first feature of this new addition to the text is a Chapter Summary by Learning Objective followed by a list of Terms to Remember. These are followed by the traditional Review and Discussion Questions, which are also tied into the learning objectives for the chapter. They are meant to test recall and understanding of the chapter material, as well as provide students with an opportunity to

integrate and apply the text material. Another new feature is Sample Test Questions, a set of multiple-choice questions covering each of the chapter's learning objectives. The answers to these questions are at the end of the book.

The second half of the study guide is the Applications section. This section opens with a Writing and Speaking Exercise that is an attempt to aid the instructor in improving the students' oral/written communication skills, as well as their teamwork skills. Here the student, or group of students, is asked to make a one page written report and/or oral presentation to the class incorporating the knowledge gained by reading the chapters. Some instructors may prefer to view these as "mini-cases." A Retail Project is then included that has the student either visiting a library or a web site and finding an answer to a current retail question.

The next feature of each chapter's Application's section is a Case, most of which are drawn from actual retail situations. The authors believe that the ability to understand the need for better management in retailing requires an explanation of retailing through the use of case studies. These cases will cover the entire spectrum of retail operations with cases involving department stores, specialty shops, direct retailing, hardware stores, grocery stores, apparel shops, discount stores, and convenience stores. There is also a casebook available, that features longer and more advanced cases that can be used to accompany this text.

Since many of the students taking this class will one day open their own retail business, the next section is for them. Planning Your Own Retail Business presents a very specific problem based on the chapter's material that a small business manager/owner will face in his or her day to day operations.

SUPPLEMENTARY MATERIALS

Instructor's Resource Manual This supplement includes an overview of the chapter, several detailed teaching tips for presenting the material, a detailed outline, the answers to questions for review and discussion, suggestions for handling the writing and speaking exercises, retail projects, cases, and planning your own business.

Test Bank This printed ancillary contains over 2,000 questions for professors to choose from. Varied levels of true-false and multiple-choice questions are organized by chapter and learning objectives. The test bank is available in both printed and microcomputer versions.

Computerized Test Bank Available in PC-, Windows-, and Macintosh-compatible formats, the computerized version of the printed test bank enables instructors to preview and edit test questions, as well as add their own. The test and answer keys can also be printed in "scrambled" formats.

RequesTest and Online Testing Service The Dryden Press makes test planning quicker and easier than ever with this program. Instructors can order test masters by question number and criteria over a toll-free telephone number. Test masters will be mailed or faxed with 48 hours. Dryden can provide instructors with software to install their own online testing program, allowing a test to be administered over network or individual terminals. This program offers instructors greater flexibility and convenience in grading and storing test results.

PowerPoint Presentation Software An innovative, easy-to-use presentation tool that will enable professors to custom design their own multimedia classroom presentations. Organized by chapter, this software will allow professors to use full-color slides of the figures, tables, and graphs from the text, as well as completely new material from outside sources in their classroom presentations.

Casebook Optional for packaging with the textbook, these cases feature longer and more advanced cases than those found in the textbook. Ask your local Dryden sales representative for packaging options.

Retail Spreadsheet Project A computer spreadsheet book called "The House" replaces the study guide for this edition. The project is set up for use with a computer, but it is possible to do all the

required computations with a calculator or by hand. “The House” is about a small retail apparel shop and has two exercises for each chapter in the third edition of *Retailing*.

Videos The video package features companies such as Kmart, JCPenney, Pier 1 Imports and Fossil Watches. Each video segment supplements the ideas and concepts illustrated in the textbook.

Web Site At <http://www.hbcollege.com/> go to Dryden Press Marketing to find the Retailing web site that the authors have put together for the students using this text. Included in the web site will be a section on choosing retailing as a career, an advanced case for each of the five parts of the text, a detailed outline of the chapters, and 20 sample questions (10 true-false and 10 multiple-choice) for each chapter. Also, links to other important retail sites on the Web are provided. The authors will update this site regularly with current examples of the various retailing concepts and practices discussed in the text.

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Professor Lusch has served as President of the Southwestern Marketing Association, Vice President of Education and Vice President Finance of the American Marketing Association, and trustee of the American Marketing Association Foundation.

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