

Retailing

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RETAILING

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RETAILING

P R E F A C E

Retailing was written to prepare students to be successful in their retailing careers, or in working with retailers, in a challenging and rapidly changing business environment. Readable and student-friendly, this text is for those who will take only one course on this critical topic, as well as for students in second-tier courses focusing on the managerial side of retailing.

Clearly, the past decade has brought significant changes to the field of retailing. Gone are the days when retailers could comfortably confine their competition to like stores in the same market area. Today supermarkets compete with restaurants and garden centers, and department stores compete with specialty and discount stores. The corner sandwich shop may lose some of its business to the gas station/food mart down the street, owned by a global corporation with billions of dollars of assets. In many instances retailers have replaced manufacturers as channel leaders, and information has replaced safety stocks in inventory management. The matrix organization, the franchise, and the entrepreneurial-spirited firm have replaced the staid hierarchical organization. These changes are all taking place at a time when competitors are larger in size and number, stronger, and more innovative than ever before.

Retailing responds to these changes in the industry as it moves into the twenty-first century. No longer can we prepare every student to be a buyer for a department store. The growth in the number and attractiveness of positions in stores of all types demands a change in focus from a merchandising perspective (Get the merchandise, and the customers will come) to a marketing perspective (Position the firm in the minds of consumers, then implement that positioning).

Nor is this a book about marketing fashion items. All types of goods and services are addressed here, from the Barbie dolls in a Japanese Toys “Я” Us to the dry cleaning service offered at the local strip center. *Retailing* addresses the formation of strategies and plans for firms large and small, global and local, who must compete for the dollars and loyalty of a well-informed and demanding consumer.

FOCUS ON THE CUSTOMER

Increasingly, retailers are seeing customers as the focus of all their activities. Successful retailers no longer simply sell something to someone; they covet their relationships with customers in target markets. And no wonder, for it is the customer, voting with dollars, marks, or yen, who decides which retailers will succeed and which will fail. The theme of this book is that successful retailers must keep the focus clearly on the cus-

tomers. They must understand what their targeted customers need and want, and make sure they deliver it.

Universally customers today are looking for *value*. They are looking for a favorable balance between what they pay in time, money, and aggravation, and what they get in product benefits, service, information, and status. A retail firm that offers customers more value than other firms will almost certainly be successful. And retailers that see customers as the focus of all their decisions have the best chance of consistently offering good value.

COHESIVE ORGANIZATION

To meet the needs of retail education in the nineties, we planned twenty chapters, divided into five highly cohesive and carefully sequenced parts. Part One, Foundations for Retail Success, is a three-chapter overview of the industry. Chapter 1 makes the critical point that retailing is a people business, and Chapter 3, Retailing in a Global Marketplace, presents the industry as a truly international one. Part Two, Identifying Opportunities for Success, stresses key skills such as strategic planning, knowing one's customers, and information management. Part Three, Alternative Routes to Success, explores direct retailing (Chapter 7), entrepreneurship (Chapter 8), and franchising (Chapter 9), three popular means of entering the retailing industry. Part Four, Planning for Success, addresses critical planning issues such as ethics, financial management, location and store design, and human resource management. Part Five, Managing the Retail Mix for Success, concludes the text with a look at major operating challenges, such as dealing with suppliers, managing the merchandise mix, pricing, promotion, and professional retail selling.

USEFUL PEDAGOGICAL AIDS

Many helpful features have been built into this book to make it interesting, informative, and easy to learn from.

- *Epigraphs.* Each chapter opens with a statement by a noted expert or well-known person, carefully selected to indicate the relevance and importance of the chapter content. We find these quotations help generate an appetite for the material that follows.
- *Focus on the Customer.* Each chapter begins with a short capsule essay called Focus on the Customer, which addresses the chapter content from the perspective of the customer, the focus of all the retailer's activity.
- *Learning Objectives.* Learning objectives are listed at the start of each chapter.
- *Marginal References to Learning Objectives.* Throughout the text, marginal references to specific learning objectives reinforce students' learning and serve as handy reference guides.
- *Key Terms in Boldface.* In the text, key terms appear in boldface type, for easy reference.
- *Marginal Definitions.* Key terms are defined in the margins, to help students master important terminology.

- *Boxed Features.* High-interest boxed features are included in almost every chapter, to highlight important topics. They range from essays on major retailers to self-assessment quizzes for aspiring entrepreneurs.
- *Summaries of Learning Objectives.* Learning objectives are summarized at the end of each chapter, to remind students of what they have learned and to serve as a useful review.
- *Lists of Key Terms.* Key terms are listed at the end of each chapter, to provide a check on the student's mastery of terminology.
- *Discussion Questions.* Each chapter concludes with a set of seven to ten discussion questions, carefully selected to get students talking about the concepts in the chapter. These thought-provoking questions will improve students' critical thinking skills.
- *Chapter-Ending Cases.* Every chapter concludes with a short case, a one- or two-page story based on a real firm or incident. (In some cases, names have been changed to allow for anonymity.) Each case is accompanied by a set of discussion questions that can be used as the basis for an assignment, or to stimulate class discussion.
- *Comprehensive Cases.* A longer comprehensive case appears at the end of each of the five parts. These four- to six-page cases cover major retail firms such as Nordstrom's and Carrefour, as well as small local firms. Discussion questions appear at the end of each case.

COORDINATED INSTRUCTION SUPPORT SYSTEM

Retailing is accompanied by a comprehensive instructional support system.

- *Instructor's Resource Manual.* An Instructor's Resource Manual contains lecture outlines, answers to end-of-chapter questions, notes on the end-of-chapter cases and comprehensive cases, sample syllabi, transparency masters, extra cases, and suggested projects and exercises for each chapter. Pedagogical features from the text are reproduced for easy reference, including the epigraphs, Focus on the Customer, key terms, and marginal definitions.
- *Test Bank.* The Test Bank includes 1200 carefully selected and developed individual test items. Twenty true-false and thirty highly defensible multiple-choice questions are provided for each chapter. An additional ten short essay questions per chapter are provided, for those instructors who prefer subjective items.
- *Videos.* A series of ten- to fifteen-minute videos presents retail visionaries of yesterday, today, and tomorrow. Carefully selected from the extensive video library of the Center for Retailing Studies at Texas A & M University, these videos are not available anywhere else. Each tape comes with a user-friendly index that relates each program to the text.
- *Study Guide.* This valuable learning tool, written by Jill Attaway of Illinois State University, can help students master the material and concepts presented in the text. Each chapter contains learning objectives, a matching exercise based on the key terms, two practice tests with fifteen to twenty multiple-choice and ten true/false questions each, an application exercise with discussion questions, and an answer key.

- *Enterprise: A Simulation.* This interactive simulation/game for IBM pc gives students a chance to test their skill in making retail mix decisions.

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The cases of *Retailing* and in the accompanying Instructor's Resource Manual add a great deal to students' understanding of the concepts and practices of the retailing industry. Dennis Pedrick, Amy Morgan, J. Steven Grant, and Professor Richard Hise wrote the final versions of the cases. We would also like to thank the students who came up with ideas for cases, whose names are noted throughout the book with the cases they suggested.

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G.H.L.

R.P.B.

L.G.G.

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RETAILING: THE PEOPLE BUSINESS

“There is only one boss, and whether a person shines shoes for a living or heads up the biggest corporation in the world, the boss remains the same. The customer is the person who pays everyone’s salary and who decides whether a business is going to succeed or fail.”¹

SAM WALTON
FOUNDER
WAL-MART STORES, INC.

LEARNING OBJECTIVES

1. Describe a customer-focused philosophy of retail management.
2. Differentiate retailing activities from other business functions.
3. Describe retailing’s contributions to the national economy.
4. Define the relationship between retailing activities and quality of life.
5. Evaluate retail management as a career option.
6. Describe several important challenges facing today’s retail manager.
7. Identify a value-based strategy for responding to challenges in today’s retailing environment.

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