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RETAILING MANAGEMENT

EIGHTH EDITION

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Babson College

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RETAILING MANAGEMENT

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To Jacquie Levy, the best Mom in the world—loving, elegant, and with a will to live driven by her need to give of herself. —Michael Levy

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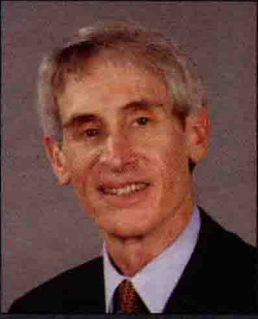
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Professor Levy received the 2009 Lifetime Achievement Award by the American Marketing Association Retailing Special Interest Group. He has developed a strong stream of research in retailing, business logistics, financial retailing strategy, pricing, and sales management. He has published over 50 articles in leading marketing and logistics journals, including the *Journal of Retailing*, *Journal of Marketing*, *Journal of the Academy of Marketing Science*, and *Journal of Marketing Research*. He currently serves on the editorial review boards of the *Journal of Retailing*, *International Journal of Logistics Management*, *International Journal of Logistics and Materials Management*, and *European Business Review*. He is coauthor of *Marketing* (3e, 2012) and *M-Marketing* (2e, 2011), both with McGraw-Hill/Irwin. Professor Levy was co-editor of *Journal of Retailing* from 2001 to 2007. He co-chaired the 1993 Academy of Marketing Science conference and the 2006 Summer AMA conference.

Professor Levy has worked in retailing and related disciplines throughout his professional life. Prior to his academic career, he worked for several retailers and a housewares distributor in Colorado. He has performed research projects with many retailers and retail technology firms, including Accenture, Federated Department Stores, Khimetrics (SAP), Mervyn's, Neiman Marcus, ProfitLogic (Oracle), Zale Corporation, and numerous law firms.



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Barton A. Weitz, Ph.D., received an undergraduate degree in electrical engineering from MIT and an MBA and a Ph.D. in business administration from Stanford University. He has been a member of the faculty at the UCLA Graduate School of Business and the Wharton School at the University of Pennsylvania and is presently the JCPenney Eminent Scholar Chair in Retail Management in the Warrington College of Business Administration at the University of Florida.

Professor Weitz is the founder of the David F. Miller Center for Retailing Education and Research at the University of Florida (www.cba.ufl.edu/mkt/retailcenter). The activities of the center are supported by contributions from 35 retailers and firms supporting the retail industry, including JCPenney, Macy's, Walmart, Office Depot, Walgreens, Target, Build-A-Bear, Brown Shoe, NPD, and the International Council of Shopping Centers. Each year, the center places more than 250 undergraduates in paid summer internships and management trainee positions with retail firms and funds research on retailing issues and problems.

Professor Weitz has won awards for teaching excellence and made numerous presentations to industry and academic groups. He has published over 50 articles in leading academic journals on channel relationships, electronic retailing, store design, salesperson effectiveness, and sales force and human resource management. His research has been recognized with two Louis Stern Awards for his contributions to channel management research and a Paul Root Award for the *Journal of Marketing* article that makes the greatest contribution to marketing practice. He serves on the editorial review boards of the *Journal of Retailing*, *Journal of Marketing*, *International Journal of Research in Marketing*, *Marketing Science*, and *Journal of Marketing Research*. He is a former editor of the *Journal of Marketing Research*.

Professor Weitz has been the chair of the American Marketing Association and a member of the board of directors of the National Retail Federation, the National Retail Foundation, and the American Marketing Association. In 1989, he was honored as the AMA/Irwin Distinguished Educator in recognition of his contributions to the marketing discipline. He was selected by the National Retail Federation as Retail Educator of the Year in 2005 and been recognized for lifetime achievements by American Marketing Association Retailing, Sales, and Inter-Organizational Special Interests Groups.

PREFACE

Retailing is a high-tech, global, growth industry that plays a vital economic role in society. Our objective in preparing the eighth edition is to stimulate student interest in retailing courses and careers by capturing the exciting, challenging, and rewarding opportunities facing both retailers and firms that sell their products and services to retailers, such as IBM and Procter & Gamble. The textbook focuses on the strategic issues facing the retail industry and provides a current, informative, “good read” for students.

As retailing continues to evolve and change, so do the ways in which we communicate to our students. We are very excited to introduce *Connect Marketing for Retailing Management*, 8e. While you may have seen *Connect Marketing* with other McGraw-Hill products, this is the first time it is offered for Retailing Management. Students will find lectures, practice materials, and eBook links for each chapter. A grade management system makes its use easy for the instructor. Lauren Skinner Beitelspacher, Ph.D., University of Alabama at Birmingham, is our digital coauthor, overseeing and leading the development of this exciting new addition to our package.

NEW FEATURES

In preparing the eighth edition of *Retailing Management*, we have revised the textbook to address five important developments in retailing: (1) the increasing role of the Internet in retailing, (2) new ways to communicate with customers, (3) the greater emphasis on social responsibility by retailers, (4) the use of technology and analytical methods for decision making, and (5) globalization.

Evolving Role of the Internet Fifteen years ago, many experts thought that consumers would abandon the mall and shop for most products and services using the Internet. Traditional retailers would be replaced by a new breed of techno-savvy entrepreneurs. Now it is clear that the Internet is not replacing the traditional retail industry but rather enhancing the activities undertaken by traditional retailers—retailers that use multiple channels (Internet, catalog, stores, and mobile) to interact with their customers.

In the eighth edition, we go beyond Chapter 3, which is dedicated to multi-channel retailing, to discuss Internet retailing applications throughout the textbook. For example,

- Use of the Internet for selection and training of employees (Chapters 9 and 16).
- Use of the Internet for communicating with vendors (Chapters 11, 12, and 13).
- Internet-based digital signage in stores (Chapter 17).
- Providing information and customer service through Web-enabled kiosks and POS terminals (Chapter 18).

New Ways to Communicate with Customers Retailers communicate with customers using a mix of methods, such as advertising, sales promotion, publicity, e-mail, blogs, and social media using Twitter, Facebook, YouTube, and blogs. Although many of these traditional methods, such as advertising, have been used for decades, Internet enabling technology has changed the way retailers utilize their promotional budgets and communicate with customers. For example,

- The impact of social networks on buying behavior (Chapter 4).
- The increased use of cell phones to allow customers to make price comparisons, locate merchandise, receive coupons, and buy merchandise (Chapter 15).

- The use of blogs, Twitter, Facebook, and YouTube to promote retailers and specific merchandise, as well as to collect customer attitudes about retailers and reviews of their product (Chapter 15).
- The use of the technology to customize and deliver coupons and other targeted promotions to customers. Customers also utilize Internet sites to find coupons to redeem at their favorite retailers (Chapter 15).

Social Responsibility of Retailers Retail institutions are pervasive in our society and thus have a major impact on the welfare of their customers, suppliers, and employees. Given the importance of their societal role, both consumers and retailers are becoming more concerned about social issues facing the world, such as global warming, immigration, health care, and working conditions in less developed economies. Some of these social responsibility issues, identified with legal/ethical icons in the margins and discussed in the eighth edition, are:

- Consumer interest in green products (Chapter 4).
- Ethical issues in sourcing merchandise globally (Chapter 13).
- Considering sustainability issues in store operations (Chapter 16) and design (Chapter 17).



Use of Technology in Retailing Retailing is a high-tech industry with retailers increasingly using communications and information systems technologies and analytical models to increase operating efficiencies and improve customer service. Some of these new technology applications, identified with technology icons in the margins and discussed in the eighth edition, are:

- Use of Web sites to sell products and services to customers (Chapter 3).
- Providing a seamless multichannel (stores, Web sites, and catalogs) interface so that customers can interact with retailers anytime, anywhere (Chapter 3).
- Stores of the future that use technology to provide a more rewarding shopping experience (Chapter 3).
- Application of geographic information system (GIS) technology for store location decisions (Chapter 8).
- Internet applications for effective human resource management (Chapter 9).
- Integrated supply chain management systems (Chapter 10).
- RFID (radio frequency identification) technology to improve supply chain efficiency (Chapter 10).
- CPFR (collaboration, planning, forecasting, and replenishment) systems for coordinating vendors and retailer activities (Chapter 10).
- Analysis of customer databases to determine customer lifetime value, target promotions toward a retailer's best customers, and undertake market basket analyses (Chapter 11).
- Implementation of marketing programs to increase customer share of wallet (Chapter 11).
- Sophisticated inventory management and assortment planning systems (Chapter 12).
- Reverse auctions for buying merchandise (Chapter 13).
- Use of profit-optimization decision support systems for setting prices in different markets and taking markdowns (Chapter 14).
- Developing targeted promotions using customer databases (Chapter 15).
- Internet-based training for store employees (Chapter 16).
- Decision support systems for scheduling sales associates (Chapter 16).
- EAS technology designed to reduce shoplifting (Chapter 16).

- Creating planograms to optimize sales and profits from merchandise categories (Chapter 17).
- Digital signage to reduce cost and increase message flexibility (Chapter 17 and a new case on Harrods Department Store).
- In-store kiosks, mobile devices, and the Internet to improve customer service (Chapter 18).
- Instant chat for servicing online customers (Chapter 18).

Globalization of the Retail Industry Retailing is a global industry. With a greater emphasis being placed on private-label merchandise, retailers are working with manufacturers located throughout the world to acquire merchandise. In addition, retailers are increasingly looking to international markets for growth opportunities. For instance, Sweden-based furniture retailer IKEA is successful because it is able to manufacture and sell relatively low priced stylish furniture to like-minded customers around the globe. Some of the global retailing issues, identified with icons in the margins, examined in this edition are:



- Retail efficiencies in different economies (Chapter 1).
- Illustrations of global expansion by retailers (Chapter 2).
- Cultural impacts on customer buying behavior (Chapter 4).
- Keys to successful entry into international markets (Chapter 5).
- Evaluation of international growth opportunities (Chapter 5).
- Differences in location opportunities in global markets (Chapter 7).
- Employee management issues in international markets (Chapters 9 and 16).
- Global sourcing of private-label merchandise (Chapter 13).
- Cultural differences in customer service needs (Chapter 18).

BASIC PHILOSOPHY

The eighth edition of *Retailing Management* maintains the basic philosophy of the previous seven editions. We continue to focus on key strategic issues with an emphasis on financial considerations and implementation through merchandise and store management. These strategic and tactical issues are examined for a broad spectrum of retailers, both large and small, domestic and international, selling merchandise and services.

Strategic Focus The entire textbook is organized around a model of strategic decision making outlined in Exhibit 1–4 in Chapter 1. Each section and chapter relates back to this overarching strategic framework. In addition, the second section of the book focuses exclusively on critical strategic decisions, such as selecting target markets, developing a sustainable competitive advantage, building an organizational structure and information and distribution systems to support the strategic direction, building customer loyalty, and managing customer relationships. The text explores in depth the resources that retailers use to develop sustainable competitive advantage, such as

- Selecting store location (Chapters 7, 8).
- Developing and maintaining human resources (Chapter 9).
- Managing information systems and supply chains (Chapter 10).
- Managing customer relationship management and loyalty programs (Chapter 11).

Financial Analysis The success of any retailer, like any other business, depends on its ability to make a profit, provide an adequate return to its owners, and be financially stable. The financial problems experienced by some well-known retail firms, like Circuit City, Sharper Image, and K-B Toys, highlight the need for a thorough

understanding of the financial implications of strategic retail decisions. Financial analysis is emphasized in selected chapters, such as Chapter 6 on the overall strategy of the firm using the strategic profit model and the financial strength of retailers using cash flow and ratio analysis, Chapter 11 on the evaluation of customer lifetime value, and Chapter 12 on retail buying systems. Financial issues are also raised in the sections on negotiating leases, bargaining with suppliers, pricing merchandise, developing a communication budget, and compensating salespeople.

Implementing a Retail Strategy Although developing a retail strategy is critical to long-term financial performance, the execution of strategies is as important as the development of the strategy. Traditionally, retailers have exalted the merchant prince—the buyer who knew what the hot trends were going to be. While we provide a thorough review of merchandise management issues, the emphasis in retailing is shifting from merchandise management to the block and tackling of getting merchandise to the stores and customers and providing excellent customer service and an exciting shopping experience. Due to this shift toward store management, most students embarking on retail careers go into distribution and store management rather than merchandise buying. Thus, this text devotes an entire chapter to information systems and supply chain management and an entire section to store management.

Up-to-Date Information Retailing is a very dynamic industry, with new ideas and formats developing and traditional retailers constantly adapting to the changing environment or suffering financially. Most of the examples provided in the text have taken place in the last two years.

Balanced Approach The eighth edition continues to offer a balanced approach for teaching an introductory retailing course by including descriptive, how-to, and conceptual information in a highly readable format.

Descriptive Information Students can learn about the vocabulary and practice of retailing from the descriptive information throughout the text. Examples of this material are:

- Leading U.S. and international retailers (Chapter 1).
- Management decisions made by retailers (Chapter 1).
- Types of store-based and nonstore retailers (Chapter 2 and 3).
- Approaches for entering international markets (Chapter 5).
- Location options (Chapter 7).
- Lease terms (Chapter 8).
- Organization structure of typical retailers (Chapter 9).
- Flow of information and merchandise (Chapter 10).
- Branding strategies (Chapter 13).
- Methods for communicating with customers (Chapter 15).
- Store layout options and merchandise display techniques (Chapter 17).
- Career opportunities (Appendix 1A to Chapter 1).

How-to Information *Retailing Management* goes beyond this descriptive information to illustrate how and why retailers, large and small, make decisions. Procedures with examples are provided for making the following decisions:

- Managing a multichannel operation (Chapter 3).
- Scanning the environment and developing a retail strategy (Chapter 5).
- Analyzing the financial implications of retail strategy (Chapter 6).
- Evaluating location decisions (Chapter 8).
- Developing a merchandise assortment and budget plan (Chapters 12).

- Negotiating with vendors (Chapter 13).
- Pricing merchandise (Chapter 14).
- Recruiting, selecting, training, evaluating, and compensating sales associates (Chapter 16).
- Designing the layout for a store (Chapter 17).
- Providing superior customer service (Chapter 18).

Conceptual Information *Retailing Management* also includes conceptual information that enables students to understand why decisions are made, as outlined in the text. As Mark Twain said, “There is nothing as practical as a good theory.” Students need to know these basic concepts so they can make effective decisions in new situations. Examples of this conceptual information in the eighth edition are:

- Customers’ decision-making process (Chapter 4).
- The strategic profit model and approach for evaluating financial performance (Chapter 6).
- Price theory and marginal analysis (Chapters 14 and 15).
- Motivation of employees (Chapter 16).
- In-store shopping behaviors (Chapter 17).
- The Service Gaps model for service quality management (Chapter 18).

Student-Friendly Textbook This eighth edition creates interest and involves students in the course and the industry by making the textbook a “good read” for students. We use Refacts (retailing factoids), Retailing Views, and retail manager profiles at the beginning of each chapter to engage students.

Refacts We have updated and added more interesting facts about retailing, called Refacts, in the margins of each chapter. Did you know that on average, Americans, with mobile phone Internet access, spend 2.7 hours a day connected to the Internet through their mobile phones? The primary usage of the mobile Internet connection is for socializing with others. Or that the teabag was developed by a Macy’s buyer and pantyhose was developed by a JCPenney buyer?

Retailing Views Each chapter contains either new or updated vignettes called Retailing Views to relate concepts to activities and decisions made by retailers. The vignettes look at major retailers, like Walmart, Walgreens, JCPenney, Target, Kohl’s, Neiman Marcus, and Macy’s, that interview students on campus for management training positions. They also discuss innovative retailers like REI, Starbucks, Zara, Mango, Top Shop, The Container Store, Sephora, Curves, Chico’s, and Bass Pro Shops. Finally, a number of Retailing Views focus on entrepreneurial retailers competing effectively against national chains.

Profiles of Retail Managers To illustrate the challenges and opportunities in retailing, each chapter in the eighth edition begins with a brief profile, in their own words, of a manager or industry expert whose job or expertise is related to the material in the chapter. These profiles range from Debbie Harvey, President of Ron Jon Surf Shop and Mike Odell, CEO of Pep Boys to Heather Graham, a Walgreen’s store manager and Darius Jackson, a JCPenney buyer. They include people who have extensive experience in a specific aspect of retailing, like Krista Gibson, VP Marketing, at Chili’s and Ramesh Murthy, VP Inventory Replenishment at CVS/Caremark.

The profiles illustrate how senior executives view the industry and suggest career opportunities for college students. They also provide students with firsthand information about what people in retailing do and the rewards and challenges of their jobs and careers.

SUPPLEMENTAL MATERIALS

To enhance the student learning experience, the eighth edition includes new cases and videos illustrating state-of-the-art retail practices, a Web-based computer exercise package for students, and a comprehensive online instructor's manual with additional cases and teaching suggestions.

Get Out and Do It! exercises are found at the end of each chapter. These exercises suggest projects that students can undertake by visiting local retail stores, surfing the Internet, or using the student Web site. A continuing assignment exercise is included so that students can engage in an exercise involving the same retailer throughout the course. The exercises are designed to provide a hands-on learning experience for students.

Monthly Newsletter with Short Cases based on recent retailing articles appearing in the business and trade press. Instructors can use these short cases to stimulate class discussions about current issues confronting retailers. The newsletter is e-mailed to instructors and archived on the text's Web page.

Ten New Cases including Walmart, Target Marketing with Google Adwords, Netflix Personalizes the Customer's Experience, Tiffany's and Blue Nile: Comparing Financial Performance, Attracting Gen-Y to a Retail Career, American Furniture Warehouse Sources Globally, Merchandise Exclusively for JCPenney, Active Endeavors Analyzes Its Customer Database, Generating Advertising Revenue From a Digital Screen Network and B-G Merchandise Budget Plan. All 38 cases in the textbook are either new or updated with current information. A number of the cases, such as Starbucks, Build-A-Bear, and Walmart, have videos that complement the written case.

Eight New Videos among the 35 video segments available to illustrate issues addressed in the text. The topics addressed by the new videos include using technology to enhance the shopping experience, Zappos' customer service, HR management at Hot Topics, Tesco's entry into the U.S., customer centricity at Best Buy, and Whole Foods' retail strategy.

Web Site for Students and Instructors (www.mhhe.com/levy8e) Just as retailers are using the Internet to help their customers, we have developed a Web site to help students and instructors use the eighth edition of this textbook effectively. Some of the features on the Web site are:

- Multiple-choice questions on the student site.
- Experiential exercises for students.
- Chapter-by-chapter Instructor Manual coverage.
- Case and video notes.
- Retailing trade publications and professional associations.
- News articles about current events in retailing.
- PowerPoint slides summarizing key issues in each chapter.
- Hot links to retailing news sites and sites associated with the Internet exercises in the textbook.
- Additional cases about retailers.

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The University of Tennessee, Knoxville
- Guy Cheston**
Director of Advertising Sales & Sponsorship, Harrods
- Daphne Comfort**
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- Hope Bober Corrigan**
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- Tina Brienne Curley**
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University of North Carolina, Charlotte
- Ann Fairhurst**
Indiana University
- Linda F. Felicetti**
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Carla Ferraro
Monash University

Alex Gibelalde
Google

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Terence L. Holmes
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Kirthi Kalyanam
Santa Clara University

Dilip Karer
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Saint Michael's College

Nirmalya Kumar
London Business School

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Tarleton State University

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Suffolk University

Irvin Zaenglein
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ABOUT RETAILING MANAGEMENT, 8e

GUIDED TOUR

For seven editions, Levy & Weitz's **Retailing Management** has been known for its strategic focus, decision-making emphasis, applications orientation, and readability. The authors and McGraw-Hill/Irwin are proud to introduce the eighth edition and invite you to see how this edition captures the exciting, dynamic nature of retailing.

STUDENT FEATURES

This edition continues the emphasis placed on creating interest and involving students in the course and the industry. Refacts, retailing views, and executive briefings at the beginning of each chapter make the textbook a “good read” for students.

Through real-world examples, students are given the opportunity to think about concepts in the text

Executive Briefings

To illustrate the opportunities and rewards from a career in retailing, each chapter begins with a profile of a retail manager, either a senior executive or recent college graduate, discussing their area of decision-making and their career path. This specific executive briefing from Chapter 3 portrays Al Callier, Vice President, Interactive Design & Web Production, of Universal Orlando Resort. In his profile, he states, “Today online electronic commerce is among our leading retail sales channels and a strategic pillar of our marketing efforts.” Retailers are using the Internet and other technologies to provide more value to their customers, increase customer service, and improve operating efficiencies.

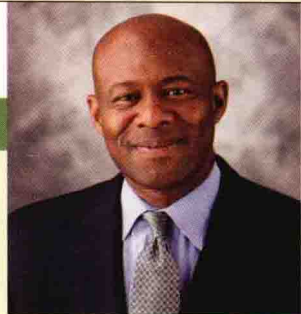
EXECUTIVE BRIEFING
Al Callier, Vice President, Interactive Design & Web Production, Universal Orlando® Resort

I am responsible for Universal Orlando Resort's digital content production including content strategy and Web site development, online advertising, and mobile content development for the United States and the United Kingdom. In 2002, when I joined Universal Orlando, the company was beginning to explore online e-commerce. Its Web site had online ticket purchase capability, but was more of an interactive print brochure describing the resort. Today online electronic commerce is among our leading retail sales channels and a strategic pillar of our marketing efforts.

Promoting the resort and selling tickets to the theme parks before people arrive in Orlando is critical. Visitors to Orlando may plan to visit a number of the attractions in the area during their vacation, but change plans once the vacation is underway. By making it more attractive to buy tickets online before visitors arrive in Florida, we achieve more advance purchases and commitment to visiting Universal Orlando.

At this point in the evolution of the Internet, most vacationers use online resources to research their trip as well as book and purchase specific products. We have designed our online channel to assist families as they plan their vacations. The process might begin with determining the type and location of a vacation, and conclude with choosing specific activities and then purchasing tickets for these activities. It is a highly involving process that typically engages the participation of multiple family members in different ways. We have designed our Web site and navigation to provide the information and assistance our guests will find useful at each phase of the process, and encourage them to include Universal Orlando in their vacation plans, buy tickets to our theme parks, and make reservations at our hotels.

Our Web site also plays an important role in building a compelling image of Universal Orlando Resort. Thus we consider the strategic brand communication objectives, as well as the different types of visitors and guest needs in the design of our Web site. Some visitors come to the resort more frequently and are more interested in specific offers and packages, while others are in the early phase of the vacation planning process and are seeking to get a basic understanding of the resort and theme parks. Our



QUESTIONS

What are the unique customer benefits offered by the three major retail channels: stores, catalogs, and the Internet?

Why are retailers moving toward using all three channels to interact with customers?

What are the key benefits and challenges in providing multichannel offerings?

How might technology affect the future multichannel shopping experience?

Chapter Questions

These critical thinking questions appear at the beginning of each chapter to give students the opportunity to prepare for what they will be required to understand in their reading.

Interesting and Readable Refacts

Refacts (retailing factoids) are interesting facts about retailing, related to the textual material, that are placed in the margins.

REFACT

More than 17 billion catalogs are mailed in the United States every year—about 56 for every American.⁶

Catalog Channel

The **catalog channel** is a nonstore retail channel in which the retail offering is communicated to customers through a catalog mailed to customers. About half of U.S. consumers shop through catalogs each year. The merchandise categories with the greatest catalog sales are drugs and beauty aids, computers and software, clothing and accessories, furniture and housewares, and books, music, and magazines.⁵



RETAILING VIEW

Direct Selling in China

3.1

While sales growth through the direct selling channel is limited in the United States, companies like Avon and Mary Kay have effectively used this channel to sell products in less developed countries. Using the direct selling channel is particularly effective in less developed countries because an extensive infrastructure to supply stores is not required. Products are sent to hundreds of thousands of sales representatives in small villages. They pay for the products when they sell them.

The direct selling channel also is part of a movement around the world for women to have more economic independence. For example, Zhang Xiaoying, a 19-year-old woman from Guizhou, one of China's poorest regions, says, "I love the corporate culture of Mary Kay. This company teaches you to aspire to a higher level."

REFACT
About 5.5 million sales representatives now sell Avon products around the world, be it lip gloss in Shanghai or face powder in Rio de Janeiro.¹¹



The direct selling channel is particularly effective in less developed areas that lack the infrastructure to support retail stores.

Before joining the company, many Mary Kay sales agents in China held low-paying jobs as secretaries, cashiers, and rural schoolteachers. Many were looking for a new focus in their lives. "Because my husband is a businessman, and he is busy, we talked less and less," says Lu Laidi, a Mary Kay sales director. "I felt my life was boring. I stayed home and barely dressed up."

The use of a direct selling channel has been controversial in China. Many direct sellers have been accused of operating sophisticated pyramid schemes and other sales swindles. In response to these concerns, China banned direct selling in 1998, saying that it was often a cover for "evil cults, secret societies and lawless and superstitious activities." In 2006, after heavy lobbying from American companies, China lifted its ban, and since then direct selling has grown into an \$8 billion industry.

Sources: David Barboza, "Direct Selling Flourishes in China," *New York Times*, December 26, 2009; J. Alex Tarquinio, "Selling Beauty on a Global Scale," *New York Times*, November 1, 2008, p. B2

SUPPORT FOR STUDENT LEARNING

GET OUT AND DO IT! EXERCISES

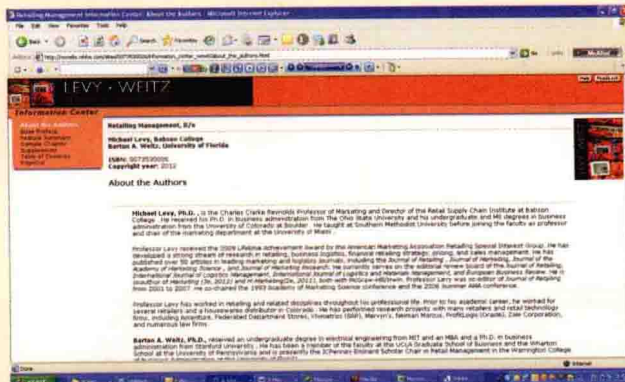
Found at the end of each chapter, these exercises suggest projects that students can undertake by either visiting local retail stores, surfing the Internet, or using the student Web site. The exercises are designed to provide a hands-on learning experience for students. A continuing exercise is included in each chapter so that students can be involved in an experiential exercise involving the same retailer throughout the course.

GET OUT AND DO IT!

1. **CONTINUING CASE ASSIGNMENT: GO SHOPPING** Assume that you are shopping on the Internet for an item in the same merchandise category you analyzed for the Comparison Shopping exercise in Chapter 2. Go to the retailer's Web site, and compare the merchandise assortment offered, the prices, and the shopping experience in the store and on the store's Web site. How easy was it to locate what you were looking for? What were the assortment and pricing like? What was the checkout like? What features of the sites do you like and dislike, such as the look and feel of the site, navigation, and special features?
2. **INTERNET EXERCISE** Go to the Web sites of J. Crew (www.jcrew.com), JCPenney (www.jcpenny.com), and Lands' End (www.landsend.com), and shop for a pair of khaki pants. Evaluate your shopping experience at each site. Compare and contrast the sites and your experiences on the basis of characteristics you think are important to consumers.
3. **INTERNET EXERCISE** Assume that you are getting married and planning your wedding. Compare and contrast the usefulness of www.theknot.com and www.weddingchannel.com for planning your wedding. What features of the sites do you like and dislike? Indicate the specific services offered by these sites that you would use.
4. **INTERNET EXERCISE** Go to the Center for Democracy and Technology's home page at <http://www.edt.org/>, and click on "Consumer Privacy" and then "Privacy Guide" (<http://www.edt.org/privacy/guide/basic/topten.html>). Why is privacy a concern for Internet shoppers? What are the top-10 recommended ways for consumers to protect their privacy online? How many of these recommendations have you employed when using the Internet?
5. **INTERNET AND SHOPPING EXERCISE** Pick a merchandise category like microwave ovens, power drills, digital cameras, blenders, or coffee makers. Compare a retailer's offering in its local store and on its Internet site. What are the differences in the assortments offered through its store and Internet channel? Are the prices the same or different? What

Online Learning Center

The Online Learning Center provides students with exercises to evaluate international expansion opportunities, examine financial performance of retailers, analyze potential store locations, develop a merchandise budget plan, edit the assortment for a category, make pricing and markdown decisions, and determine break-even sales levels. Sample test questions and flash cards are provided for each chapter.



The student site provides:

- Chapter Quizzes
- Tutorials and Modules
- Flashcards

INSTRUCTOR RESOURCES

Online Learning Center

Through our convenient Online Learning Center, you can access everything you need in preparation for your course. A secured resource site provides your essential course materials to save you prep time before class.

www.mhhe.com/levy8e

The instructor site provides:

- Instructor's Manual
- PowerPoint Presentations
- Testbank/EZ Test
- Newsletters
- Tutorials and Modules for students
- Chapter Quizzes
- Flashcards for students

IRCD


The Instructor's Resource CD-ROM provides the resources an instructor needs to prepare for their course: includes the Instructor's Manual, PowerPoint slides, Test Bank, and Computerized Test Bank. ISBN: 0077325028

Video DVD

Over 30 video segments are available to illustrate issues addressed in the text. A number of the videos complement the cases located at the end of the text. These video segments are available on the Video DVD. ISBN: 007732501X

Retailing Newsletter

Each month, the authors prepare and distribute through email a Retailing Newsletter. The newsletters contain several videos and twelve abstracts of articles appearing in the business or trade press about current issues facing retailers specifically and the industry in general. These newsletters are also accessible on the Online Learning Center.

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Retailing 8e Management

Newsletter for Instructors

Dear Professor:

This newsletter provides teaching tips and summarizes article abstracts for case discussions for the following topics:

- At Zappos, Culture Pays (Chapter 9)
- Why Bricks and Clicks Don't Always Mix (Chapter 3)
- Stores Scramble to Accommodate Budget Shoppers (Chapters 2 and 15)
- Debating the Meaning of 'Farmers' Market' (Chapter 16)
- Department Stores: Mad Rush for Market Share" and "Estée Lauder's Counter Makeover (Chapters 2, 4 and 5)
- Toys 'R' Us Overhauling F.A.O. Schwarz Brand (Chapters 5 and 14)
- Malls Make Way for Grocers (Chapter 7)
- IKEA Seeks an India Opening (Chapter 5)
- Kroger: No Fears on Price (Chapter 15)
- Lululemon Grows Fast on a Slim Budget (Chapter 5)
- Outdoor Recreation Chain Will Open Store in SoHo (Chapter 7)
- Restricting Returns, Satisfying Shoppers (Chapter 17)
- Sears Seeks Trendier 'Vibe' With Forever 21 (Chapters 7 and 14)

If you are interested in the text book please visit www.mhhe.com/levy8e. Simple registration is required to gain access to the newsletters and other instructor materials. If you would like to see this newsletter and the previous editions, go to:
<http://www.warrington.ufl.edu/mkt/retailcenter/research/publications.asp>

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