



PPT 1-2

Definition of Retailing

Retailing is a set of business activities that adds value to the products and services sold to consumers for their personal or family use.

A **retailer** is a business that sells products and/or services to consumers for the personal or family use.

PPT 1-3

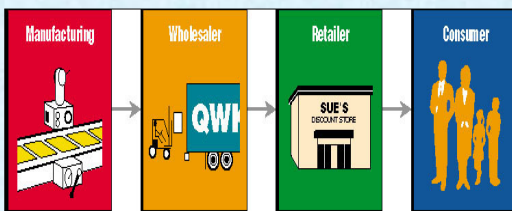
Examples of Retailers

- Retailers
 - Sears, Holiday Inn, McDonalds, Amazon.com, Jiffy Lube, The Gap
- Firms that are retailers and wholesalers --sell to other businesses as well as consumers
 - Office Depot, Home Depot, United Airlines, Bank of America

PPT 1-4

Distribution Channel/Markets

Primary Secondary Retail Consumer



PPT 1-6

Value Added by Retailers

- Providing Assortment
- Breaking Bulk
- Holding Inventory
- Offering Services

PPT 1-7

Sale Price to next step in value chain: →\$1.00

\$1.20 \$2.00



Manufacturer*
CGS: \$.85;

Distributor
CGS: \$1.00;

Retailer Customer
CGS: \$1.20;

GP: \$.15/ \$1.00

GP: \$.05/ \$1.20

GP: \$.10/ \$2.00

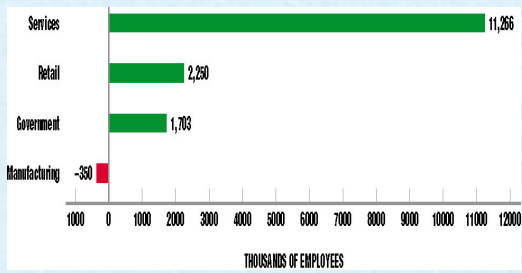
PPT 1-9

Economic Significance of Retailing

- Over \$2.5 Trillion in Annual U.S. Sales
 - Greater than medical care, housing, recreation **combined**
- **Employs 18% of population**
 - About the same as manufacturing and growing
- Management Training Opportunities
- Entrepreneurial Opportunities

PPT 1-10

Projected Job Gains



Source: U.S. Department of Commerce

McGraw-Hill/Irwin
Levy/Weitz: Retailing Management, 4/e

PPT 1-11

Retail Management Decision Process

The World of Retailing - Section 1

1. Introduction to the World of Retailing
2. Store-Based Retailing
3. Nonstore Retailing - Electronic Retailing and Catalogs
4. The Retail Customer
5. Customer Buying Behavior

Retailing Strategy - Section 2

6. Retail Market Strategy
7. * Financial Strategy
8. Retail Locations
9. Site Selection
10. *Organization Structure and Human Resource Mgmt.
11. Integrated Retail Logistics and Information Systems

Merchandise Mgmt. -3

12. *Planning Merchandise Assortments
13. Buying Systems
14. Buying Merchandise
15. Pricing
16. Retail Promotion Mix

Store Management -4

17. *Managing the Store
18. Store Layout, Design, and Visual Merchandising
19. Customer Service

Irwin/McGraw-Hill
Levy/Weitz: Retailing Management, 4/e

Copyright © 2001 by The McGraw-Hill Companies, Inc. All rights reserved.

PPT 1-12

JCPenney's Strategic Evolution

- Become a Main Street private label soft goods retailer
- Changes in environment -- increased disposable income, growth of suburbs, interstate highway program
- Emulate Sears in enclosed suburban malls
- Focus on soft goods -- drop automotive, sporting goods, hardware
- Start catalog, electronic retailing
- Future (?)

McGraw-Hill/Irwin
Levy/Weitz: Retailing Management, 4/e

Copyright © 2001 by The McGraw-Hill Companies, Inc. All rights reserved.

PPT 1-13

Sears' Strategic Evolution

- Large number of merchandise categories -- appliances, hardware, apparel
- Malls evolve into places for buying soft goods, hard goods sold at category killers
- "The Softer Side of Sears"
- Refocusing on value -- Testing carts in stores, like Target, Bed, Bath & Beyond

PPT 1-14

Whole Foods Implementation

- Strategy - Organic and natural foods supermarket chain
 - Assortment beyond organic/natural foods
 - Private label food and vitamins - Whole Food™, 360 Day Value™
 - Love, trust, and employee empowerment
 - Equality in compensation

PPT 1-15

Misconceptions about Careers in Retailing

- Why go to college to be a sales clerk?
- Low pay made up for with
- Long hours
- Boring

Why Should You Consider Retailing?

- Entry level management positions
 - Department manager or assistant buyer
 - Manage people and have P&L responsibility on your first job
- Starting pay average, but compensation excellent if you are successful
- Something new and different each day
- Buying for numbers people, store management for people people

Types of Jobs

- Most entry level jobs in store management and buying
- Retailers also have staff specialists
 - Accounting and finance
 - Real estate
 - Human resource management
 - Computer information systems
 - Supply chain management
 - Advertising and public relations
