ABOUT RETAILING MANAGEMENT, 7e

GUIDED TOUR

For six 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 seventh edition and invite you to see how this edition captures the exciting, dynamic nature of retailing.

MULTI-CHANNEL RETAILING

Retailers are using the internet and other technologies to provide more value to their customers, increase customer service, and improve operating efficiencies. Some examples of these Internet applications examined in this edition are:

The role of the Internet to complement store offerings by multi-channel retailers.

Use of virtual models and other technologies to overcome the limitation of an electronic channel.

EXHIBIT 3–2

Benefits Provided by Different Channels

EXHIBIT 3–4

Percentage of Cross-Channel Shoppers

SHOPPING IN THE FUTURE

E-commerce

Communicating with customers through mobile devices.

EXHIBIT 3–3

Percentage indicates proportion of customers browsing in one channel and purchasing in another.

REFACT

The luxury retailer Neiman Marcus claims that its multi-channel customers spend 20% more than single-channel customers do.

M-Commerce

As technology and customers together become more sophisticated, more retailers are experimenting with e-commerce (mobile commerce), which involves communicating with and even selling to customers using cellular or personal digital assistant (PDA) technology, over personal computers, handheld devices, or mobile phones. E-commerce sessions allow retailers to take advantage of this growing and powerful sales channel.

Shopping experience in the future, from collecting information on the Internet to automated checkout through RFID.

Instant chat for personal communication with customers visiting a retailer's Web site.

EXHIBIT 3–5

Comparison of Channel Shoppers

SOCIAL RESPONSIBILITY AND ETHICAL RESPONSIBILITIES OF RETAILERS

Given the importance of retailers’ societal role, both consumers and retailers are becoming more concerned about important legal, social, and ethical issues facing the world such as global warming, immigration, health care, and working condition in less-developed economies. Some of these issues, identified with an icon, discussed in this edition are:

Ethical and Legal Considerations

When making the strategic and tactical decisions discussed previously, managers need to consider the ethical and legal implications of these decisions, in addition to the effects that those decisions have on the profitability of their firm and the satisfaction of their customers. Ethics are the principles governing the behavior of individuals and companies to establish appropriate behavior and indicate what is right and wrong. Defining the terms is easy, but determining what the principles are is difficult. What one person thinks is right, another may consider wrong.

What is ethical can vary from country to country and from industry to industry. For example, offering bribes to overcome bureaucratic roadblocks is an accepted practice in Middle Eastern countries but considered unethical, and even illegal, in the United States. An ethical principle also can change over time. For example, some years ago, doctors and lawyers who advertised their services were considered unethical. Today such advertising is accepted as common practice.

Privacy is becoming an increasingly important issue as retailers collect data about their customers to support CRM programs.

Legal and ethical issues in human resource management.

Selling fair trade merchandise.

Frameworks of making ethical decisions.

Illustrations of socially responsible activities undertaken by retailers.

ISSUES IN RETAIL HUMAN RESOURCE MANAGEMENT

In this final section, we discuss these three issues in HR management: (1) the increasing importance of a diverse workforce, (2) the growth in legal restrictions on HR practice, and (3) the use of technology to increase employee productivity.

Managing Diversity

Managing diversity is a human resource management activity designed to realize the benefits of a diverse workforce. Today, diversity means more than differences in race, nationality, or gender; managing a diverse workforce isn’t a new issue for retailers. In the late 1800s and early 1900s, waves of immigrants entering American society, racial distinctions and geographical diversity were part of the new workforce.

Privacy and CRM Programs

Although detailed information about individual customers helps retailers provide more benefits to their better customers, consumers also are concerned about retailers regarding their privacy when they collect this information. Consumers’ data are not secure and susceptible to identity theft, consumers would be reluctant to participate in loyalty programs. The data broker Experian found 51% of the Federal Trade Commission respondents’ data were accessed. This raises the warning to retailers that consumer privacy is a major concern.

Retailers Buy Socially Responsible Products

Retailers aren’t the only ones who are trying to do their part. Whole Foods is one of the many supermarket chains trying to do its part. Whole Foods is in many ways, socially responsible in many ways. Whole Foods is a human resource management activity designed to realize the benefits of a diverse workforce. Today, diversity means more than differences in race, nationality, or gender; managing a diverse workforce isn’t a new issue for retailers. In the late 1800s and early 1900s, waves of immigrants entering American society, racial distinctions and geographical diversity were part of the new workforce.

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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. Some of the global retailing issues and illustrations, identified with an icon in the margin, examined in this edition are:

Global sourcing of merchandise.

Evaluation of non-domestic markets for potential entry.

Profiles of successful global retailers.
INNOVATIVE RETAILING APPROACHES

Retailers use advanced technologies and analytical tools to improve their operating efficiencies. Some of these technologies and tools, identified with a technology icon, examined in this edition are:

Timing of Merchandise Allocations to Stores

In addition to the need to allocate different inventory levels and types of merchandise across stores, differences in the timing of category purchases across stores need to be considered. Exhibit 13–8 illustrates these differences by plotting sales data over time for capri pants in different regions of the United States. Comparing regions, capri sales peak in late July in the Midwest and at the beginning of September in the West, due toseasonality differences and differences in consumer demand. Buyers need to recognize these regional differences and arrange for merchandise to be shipped to the appropriate regions when customers are ready to buy to increase inventory turnover in the category.

Merchandise optimization. Methods of optimize merchandise decisions such as taking markdowns and allocating merchandise to stores.

RFID used by retailers to increase inventory turnover, reduce stockouts, and improve supply chain efficiency.

Geographic information systems for store location.

Customer relationship management for identifying the best customers and targeting promotion toward them.

Employment branding. As the sophistication in decision making by retailers increases, the demand for managers with analytical thinking skills is increasing. Retailers are undertaking employment branding programs to attract the best and brightest.

To build its employment brand, JCPenney uses the tagline “A Perfect Fit” on all correspondence and advertising directed toward potential employees.
CAREERS IN RETAILING

The challenges and rewards of retail careers are emphasized. In addition to discussing careers with national chains, entrepreneurial opportunities are also discussed. Some of issues relating to careers are:

Myths about retail careers.

Example of retail entrepreneurs.

New Appendices

APPENDIX A
Starting Your Own Retail Business

Starting a retail business can be an enticing and daunting prospect. On the one hand, you can be your own boss, enjoy complete creative control, and reap the full rewards of your hard work. On the other hand, retail business owners must assume large amounts of responsibility, bear the consequences of poor decisions, and ultimately shoulder the blame for the success or failure of the business. Owning your own business involves a great deal of effort, sacrifice, and patience. It is inherently risky, and consequently, fewer than 20 percent of new retail businesses survive to the five-year mark. Yet the rewards of successfully navigating the unpredictable landscape of business ownership can be enormous, both personally and financially. You might grow your business and become the next Sam Walton or John Mackey (Whole Foods Markets), or Anita Roddick (The Body Shop), who passed away in 2007, opened the first Body Shop in Brighton, England, to make some extra income for her family. She did not have any business background but was widely traveled and understood the body rituals of women. The small store that initially sold 15 product lines now sells more than 300 products in over 2,000 outlets throughout the world. From the start, Roddick recycled bottles to save money, but such actions also became the foundation for The Body Shop's core values. Today it endorses only environmentally friendly products and stands against animal testing. Roddick used her business as a means to communicate about human rights and environmental issues. Many of the products in the Body Shop contain materials bought from farming communities in the United States. This appendix explores franchising options in terms of their merits and drawbacks. With more than 2,300 franchises to choose from, finding the best one can be almost as hard as starting a business. Franchises are popular largely because of their historical success. A 1999 study by the U.S. Chamber of Commerce found that 91 percent of new franchises remained in business after seven years, compared with only 20 percent of new, individual start-up businesses.1 But not all franchises are secure investments. Arthur Tischler’s Fish and Chips, Jerry Lewis Theaters, and Chicken Delight all have one thing in common: They failed. As a result, thousands of dreams were shattered, and millions of dollars were lost. Buying a franchise can be a dream come true—or it can be a nightmare. The key to business success which is:

APPENDIX B
Starting a Franchise Business

Like hot dogs, baseball, and apple pie, franchising in the United States is an American institution. A proven means to realize the entrepreneurial dream, franchising also is taking over much of the retail trade in the United States. This appendix explores franchising options in terms of their merits and drawbacks. With more than 2,300 franchises to choose from, finding the best one can be almost as hard as starting a business. Franchises are popular largely because of their historical success. A 1999 study by the U.S. Chamber of Commerce found that 91 percent of new franchises remained in business after seven years, compared with only 20 percent of new, individual start-up businesses.1 But not all franchises are secure investments. Arthur Tischler’s Fish and Chips, Jerry Lewis Theaters, and Chicken Delight all have one thing in common: They failed. As a result, thousands of dreams were shattered, and millions of dollars were lost. Buying a franchise can be a dream come true—or it can be a nightmare. The key to business success which is:
INTERESTING AND READABLE

This edition continues the emphasis placed on creating interest and involving students in the course and the industry. Refacts, Retailing Views, and retail manager profiles at the beginning of each chapter make the textbook a “good read” for students.

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

Retailing Views are vignettes in each chapter that relate concepts developed in the text to issues and problems confronting retailers.
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.
SUPPORT FOR STUDENT LEARNING

The end-of-chapter Get Out and Do It exercises and the Online Learning Center involve students in the course and the material covered in the text.

1. **Continuing Case Assignment:** Visit the retail store operated by the target firm for your continuing assignment. Pretend that you are looking to buy something sold at the store. Write down all of the things that the store does to try to stimulate you to buy merchandise.

2. Go to a supermarket and watch people selecting products to put in their shopping carts. How much time do they spend selecting products? Do some people spend more time than others?

3. **Web OLC Exercise:** Go to the student side of the book’s Web site to develop a multiattribute attitude model describing your evaluation of and decision about some relatively expensive product you bought recently, such as a car or a consumer electronics product. Open the multiattribute model exercise. List the attributes you considered in the left-hand column. List the alternatives you considered in the top row. Fill in the importance weights and performance beliefs. Based on your importance weights and performance beliefs, the evaluation of each product appears in the bottom row. Did you buy the product with the highest evaluation?

4. To better understand the segmentation classification of consumer, SRI Business Consulting Intelligence has developed the VALS tool, which uses psychology to segment people according to their distinct personality traits. Go to the firm’s homepage at www.sric-bi.com/VALS/presurvey.shtml and take the survey to identify your VALS profile according to your values, attitudes, and lifestyle. According to the results, what is your VALS profile type? Do you agree with your consumer profile? Why or why not? How can retailers effectively use the results of this survey when planning and implementing their business strategies?

5. Retailers segment the market on the basis of the geographic classification of customers to select the best site for their business.

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.

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.

To stimulate class discussion about issues confronting retail managers, the text contains 38 cases. Cases include Tractor Supply, Retailing in India, Retail Per Market, Macy’s National Brand Strategy, Wal-Mart and social responsibility activities, Starbucks, Build-a-Bear Workshop, Financial Comparisons of Blue Nile and Tiffany’s, Nordstrom’s loyalty program, Retailing to Teens, and Sav-A-Lot.
Thirty-five video segments are available to illustrate issues addressed in the text. Topics addressed in the video include Rainforest Café’s and Build-A-Bear’s retail strategy, Domino’s entry into Mexico, Starbucks’ fair trade policy with its coffee growers, Staples’ growth strategy in the copying business, Costco, Container Store’s organizational culture, Netflix’s distribution strategy, Wal-Mart’s campaign to change its image, internet shopping behavior, supply chain management, pricing, management information systems, and suburban and lifestyle shopping centers. A number of the videos complement the cases.
The online teaching center for instructors includes the instructor's manual, PageOut course management system, PowerPoint slides, PowerWeb (an excellent research source), and archived retail newsletters.

Each month, the authors prepare and distribute through email a Retailing Newsletter. The newsletters contain ten to twelve abstracts of articles appearing in the business or trade press about current issues facing retailers specifically and the industry in general.