

NEW FEATURES

In preparing the seventh edition of Retailing Management, we have revised the textbook to address five important developments in retailing: (1) the evolving role of the Internet in retailing, (2) the greater emphasis on the social responsibility of retailers, (3) the increased emphasis retailers are placing on developing exclusive brands, (4) the use of technology and analytical methods for decision making, (5) globalization and (6) the entrepreneurial opportunities in retailing.

Evolving Role of the Internet Ten years ago, many experts thought that the 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 technosavvy entrepreneurs. Now it is clear that the Internet is not transforming the retail industry but rather facilitating the activities undertaken by traditional retailers—retailers that use multiple channels (Internet, catalog, stores, and mobile) to interact with their customers.

In the seventh edition, we have increased our treatment of how these multichannel retailers provide information and sell products and services to customers. In this edition, we also go beyond Chapter 3, which is dedicated to multichannel retailing, to discuss Internet retailing applications throughout the textbook. For example, The impact of social networks on buying behavior (Chapter 4).

- Use of the Internet for training (Chapters 9 and 17).
- Communicating with customers through m-commerce, social shopping, e-mail, and Web sites (Chapter 16).
- Internet-based digital signage in stores (Chapter 18).
- Providing information and customer service through Web-enabled kiosks and POS terminals (Chapter 19).

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 seventh edition, are:

- Consumer interest in green products (Chapter 4).
- Issues in sourcing merchandise globally (Chapter 14).
- Considering sustainability issues in store operations (Chapter 17) and design (Chapter 18).
- Three new cases focusing on legal, ethical, and social responsibility issues facing retailers.

Development of Exclusive Brands To differentiate their offerings and build strategic advantages over competitors, most retailers are devoting more resources to the development of exclusive products—whether products that the retailer designs (private labels) or exclusive brands produced for the retailer by national brand manufacturers. For example, Ralph Lauren has developed American Style brand for JCPenney, and Estée Lauder has developed the American Beauty cosmetic line for Kohl’s.

Retailers are placing more emphasis on developing their brand images, building strong images for their private-label merchandise, and extending their images to new retail formats. These exclusive brands, as the term implies, are only available from the retailer, and thus customers loyal to these brands can only find them in one store. Some examples of our extended treatment of exclusive brands in this edition are:

- Strategic importance of private labels (Chapter 5).
- Private-label approaches and types. (Chapter 14).
- Process for developing and sourcing private labels (Chapter 14).
- Building a strong brand image (Chapter 16).

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 seventh 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).
- 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).
- CPFR (collaboration, planning, forecasting, and replenishment) systems for coordinating vendors and retailer activities (Chapter 12).
- Sophisticated inventory management systems (Chapter 13).
- Reverse auctions for buying merchandise (Chapter 14).
- Use of profit-optimization decision support systems for setting prices in different markets and taking markdowns (Chapter 15).

- Using m-commerce to communicate with potential customers with hand-held devices like cell phones and PDAs (Chapter 16).
- Adopting social marketing techniques to get customers involved in online product reviews (Chapter 16).
- Developing targeted promotions using customer databases (Chapter 16).
- Internet-based training for store employees (Chapter 17).
- Decision support systems for scheduling sales associates (Chapter 17).
- EAS technology designed to reduce shoplifting (Chapter 17).
- Creating planograms to optimize sales and profits from merchandise categories (Chapter 18).
- Digital signage to reduce cost and increase message flexibility (Chapter 18).
- In-store kiosks, mobile devices, and the Internet to improve customer service (Chapter 19).
- Instant chat for servicing online customers (Chapter 19).

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, Carrefour, France's hypermarket chain and the second-largest retailer in the world, is focusing its growth investments in 25 countries but not in France. 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).
- Regulations affecting customer data collection in world markets (Chapter 10).
- Employee management issues in international markets (Chapters 9 and 17).
- Global sourcing of private-label merchandise (Chapter 14).
- Cultural differences in customer service needs (Chapter 19).

Entrepreneurship in Retailing In this seventh edition, we have added two appendices that provide an overview of "How to Start Your Own Retail Business" and "How to Start a Franchise Business." Retailing continues to offer opportunities for people to start their own business. Some of the world's richest people are retailing entrepreneurs. Many are well known because their names appear over the stores' door, such as James Cash Penney and William H. Macy. But many other successful entrepreneurs are less well known, such as Donald Fisher (The Gap), Thomas Stemberg (Staples), Les Wexner (The Limited/Victoria Secret), Maxine Clark (Build-A-Bear Workshop).