

BASIC PHILOSOPHY

The seventh edition of *Retailing Management* maintains the basic philosophy of the previous six 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 1–5 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 supply chain and information systems (Chapter 10).
- Managing customer relationship management and loyalty programs (Chapter 11).

Financial Analysis The financial aspects of retailing are becoming increasingly important. The financial problems experienced by some of the largest retail firms, like Kmart, Sharper Image, and COMPUSA, 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, Chapter 11 on the evaluation of customer lifetime value, and Chapter 13 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. More than half of the Retailing Views are new, and the remaining ones have been updated.

Balanced Approach The seventh 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).
- Locations (Chapter 7).
- Lease terms (Chapter 8).
- Organization structure of typical retailers (Chapter 9).
- Flow of information and merchandise (Chapter 10).
- Branding strategies (Chapter 14).
- Methods for communicating with customers (Chapter 16).
- Store layout options and merchandise display techniques (Chapter 18).
- 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. Step-by-step procedures with examples are provided for making the following decisions:

- Comparison shopping (Appendix 2A to Chapter 2).
- Managing a multichannel outreach to customers (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 and 13).
- Negotiating with vendors (Chapter 14).
- Pricing merchandise (Chapter 15).
- Recruiting, selecting, training, evaluating, and compensating sales associates (Chapter 17).
- Designing the layout for a store (Chapter 18).
- Providing superior customer service (Chapter 19).

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 seventh edition are:

- Customers' decision-making process (Chapter 4).
- Market attractiveness/competitive position matrix for evaluating strategic alternatives (Appendix 5A to Chapter 5).
- The strategic profit model and approach for evaluating financial performance (Chapter 6).
- Price theory and marginal analysis (Chapters 15 and 16).
- Motivation of employees (Chapter 17).
- In-store shopping behaviors (Chapter 18).
- The Gaps model for service quality management (Chapter 19).

Student-Friendly Textbook This seventh 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 a Montgomery Ward buyer created Rudolph the Red-Nosed Reindeer as a Christmas promotion in 1939? 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 Wal-Mart, 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, 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 seventh 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 Maxine Clark, Chief Executive Bear at Build-A-Bear Workshop, and Lori Anderson, the founder and manager of a dress shop in Tampa, to Lotoya Parker, a buyer at Macy's East, and Lee Donnelly, Store Manager for Walgreens in California. They include people who have extensive experience in a specific aspect of retailing, like Bari Harlam, Vice President, Marketing Intelligence, CVS Caremark, Inc., and Juan del Valle, Market Development Manager, Brinker International.

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.

OTHER UNIQUE ASPECTS OF LEVY AND WEITZ'S *RETAILING MANAGEMENT* TEXTBOOK

Chapter on Customer Relationship Management Chapter 11 examines how retailers are using customer databases to build repeat business and realize a greater share of wallet from key customers. These customer relationship management activities exploit the 80–20 rule—20 percent of the customers account for 80 percent of the sales and profits. In this chapter, we discuss how retailers identify their best customers and target these customers with special promotions and customer services.

Chapter on Multichannel Retailing Chapter 3 describes the opportunities and challenges retailers face interacting with customers through multiple channels—stores, catalogs, and the Internet. As markets for Internet-only retailers have diminished, traditional retailers are investing in using the Internet to complement their stores. This chapter discusses how multichannel retailers can and do provide more value to their customers.