

MAR 3231
Introduction to Systems and Management
Fall 2008
Section 6389 Tuesday/Thursday 4-5 MAT 2
Section 7175 Tuesday/Thursday 8-9 MAT 107
2/20/2008

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Course Objective:

To familiarize students with the decisions involved in running a retail firm and the concepts and principles for making those decisions. While the course focuses on the retail industry including retailers of consumer services, the content of the course is useful for students interested in working for companies that interface with retailers such as manufacturers of consumer products or for students with a general management or entrepreneurial interest.

Specific student learning outcomes are to develop an understanding of:

- the contribution of retailers to the product value chain.
- consumer motivations, shopping behaviors, and decision processes for evaluating retail offering and purchasing merchandise and services.
- corporate objectives, competitor analysis, and competitive strategy
- the traditional bases for segmentation and how segmentation can inform retail strategy
- how retailer's differentiate their offering as an element in their corporate strategy.
- factors affecting strategic decisions involving investments in locations, supply chain and information systems, and customer retention programs.
- how retailer's communicate with their customers.
- tactics (pricing, merchandise assortment, store management, visual merchandising, customer service) for extracting profit from a retail offering

Required Course Material:

Michael Levy and Barton Weitz, *Retailing Management*, Seventh Edition (L&W)

Teams:

Students will be assigned to teams of 5 or 6 students. The teams will be responsible for selected assignments. At the end of the team assignment, each team member will be asked to provide an evaluation of all the other team members in terms of their contribution to the assignment. These evaluations will be used in assigning the team grades to individuals.

Assignments:

All assignments should be typed. These assignments will be graded for organization, grammar and style as well as content. All assignments are due at the beginning of class or will not be accepted. Any assignments submitted after the beginning of class will be considered late and receive a grade of 0.

Assignment	Type	Due Date	Points
Article Discussion: Types of retailers – Group 1	Individual	9/2 – Last name A to L	*
Wal-Mart Social Responsibility Debate	Individual	9/4	10
Article Discussion: Internet shopping/retailing - Group 2	Individual	9/9 – last name M to Z	*
Internet Shopping Experience	Individual	9/11	10
Article Discussion: Consumer trends – Group 1	Individual	9/18 - Last name A to L	*
Starbucks Case Discussion	Individual	9/23	10
First Exam	Individual	9/25	80
Article Discussion: Retail Locations - Group 2	Individual	10/2 – Last name M to Z	*
Strategic Analysis Assignment Presentations by all teams	Team	10/14	70
Article Discussion: CRM/privacy issues Group 1	Individual	10/21 – Last name A to L	*
Second Exam	Individual	10/30	80
Star Hardware Assortment Planning assignment due	Team	11/4	20
Article Discussion: pricing - Group 2	Individual	11/4 – Last name M to Z	*
Article Discussion: communication programs - Group 1	Individual	11/6 – Last name A to L	*
Discussion: customer service – Group 2	Individual	11/25 – Last name M to Z	*
Comparison Shopping Presentation – Team 1,2,3,4	Team	12/2	70
Final Project Presentation – Team 5,6,7,8	Team	11/4	
Third Exam	Individual	12/9	80
*Article Discussion Assignments	Individual		30
Class participation and attendance - Ten point deduction for missing the field trip or any class with a guest speaker	Individual		30
Extra Credit for attending Sears Seminar Series presentations	Individual		20

Strategic Analysis Assignment – Due October 14

Prepare a strategic analysis of a retailer with respect to its direct competitors.

Teams	Focal Retailer	Competitors
1	JCPenney	Macy's, Kohls
2	Kohls	Macy's, JCPenney
3	Target	Wal-Mart, Sears Holding
4	Sears Holding	Wal-Mart, Target
5	Walgreens	RiteAid, CVS
6	CVS	RiteAid, Walgreens
7	Best Buy	Radio Shack, Circuit City
8	Radio Shack	Best Buy, Circuit City

(10%) Review the history of the retailer, identify its direct competitors. and describe its general strategy-- the retailer's target market and positioning, its retail mix (merchandise variety and assortment, pricing, locations, etc.).

(20%) Outline the retailer's strengths (its basis for competitive advantage) and its weaknesses relative to competitors

(20%) Include a financial analysis for the retailer comparing its present to past performance and to performance of competitors. Evaluate the performance of the focal retailer assigned to you. Using its annual report that you can get either in the "investor relations" area of its web site or from the Edgar files at www.sec.gov. or information as web sites like www.hoovers.com, determine the following productivity measures: gross and net profit margin percentage, overhead expenses (General and administrative expenses as a percent of sales, asset turnover, inventory turnover, sales per square foot, sales per employee. Compare these measures describing this year's performance with preceding three years' measures for the company (summarize this in Table A). Next compare the latest year's measures for the focal retailer with the two competitors (summarized in Table B). See tables 6-11 and 6-12 in the text.

(10%) What the threats in the environment that may adversely affect is performance?

(20%) What are logical growth opportunities for the firm?

(20%) Assess its performance and position in the marketplace, and prospects for the future. Is it future promising or questionable? What does it need to do in the future to provide strong financial returns? Why?

Finally include bibliography of articles and other sources for information used in making your report. The report should be between 10 and 20 pages with exhibits.

Sources: 10K reports at www.sec.gov, article in magazines and newspapers found through library database, company web site

Comparison Shopping Assignment
Written report due December 4

The objective of this assignment is to have you take the retailer's perspective and think about the different retail mixes they offer and how they compare to other retailers. Pretend you are responsible for then merchandise category and its placement in the store. Describe and evaluate the merchandise category offering for the two stores – the breadth and depth of merchandise and prices. Then assess the more general characteristics of the retailer's store – store location, customer service, store design, signage, visual merchandising, etc.

AM Class

Teams	Retailers	Merchandise Category
1	Best Buy, Radio Shack	MP3 players
2	Mens Wearhouse, Jos. A. Banks	Men's suits
3	Publix, Fresh Market	Seafood
4	Target, Sears	Kitchen appliances
5	Forever 21, Body Central	Women's tops
6	Wal-Mart, Circuit City	TV's >35 inches
7	Petsmart, Petco	Dog food
8	Target, Dillards	Women's handbags

PM Class

Teams	Retailers	Merchandise Category
1	American Eagle, Abercrombie & Fitch	Women's jeans
2	Lowe's, Home Depot	Leaf blowers
3	Finish Line, Footlocker	Cross trainer shoes
4	Victoria Secret, Macy's	Bras
5	Chicos, Talbots	Women's tops
6	Game Stop, Toys R Us	Computer-based games for children under 12
7	Sports Authority, Hibbets	Tread mills
8	Belks, Macys	Women's handbags

The comparison should include the following:

1. (10%) **Strategic Overview** The strategy pursued by the two retailers – each retailer's target market and general approach toward satisfying the needs of the target market.
2. (45%) **General features of the Store** -The general overview of retail mixes as reflected in the stores – store location, breadth and depth of merchandise, store design and visual merchandising, customer service, Some questions you might answer are:

Human Resources: How does this store prepare and train their sales people? Are they paid on commission, salary or hourly wage? Are the sales people allowed to cross sell? (if there are separate departments)?

Store Location: Where is this retail store located? (CBD, Shopping Center, Specialty Center, MXD) Why do you think they chose this location? Is this site accessible for the customer? What type of lease do they have? (may not be willing to give this information out)

Pricing: What is this store's pricing policy? (Everyday Low Pricing, High/Low Pricing etc.) What other practices do they use to compete with price? (Coupons, Rebates, Price Bundling) Does this retailer use the cost-oriented method of pricing or demand-oriented pricing? Is there a frequent shopper program? Were prices displayed prominently in the store?

Communication Mix: What type of paid advertisements does this business use? What type of unpaid communication does this business use? (Publicity) Does this retailer use cooperative advertising? With whom? What type of sales promotions does this retailer use? Were sale items/store circulars displayed and/or available?, Were sale items/store circulars displayed and/or available?

Store Layout: Describe the store layout - e.g., overall feel of the store, promotions, signs, pleasing to shop at, etc... Were aisles clear? Was the store clean and neat? What type of design layout does this store use? (Grid, Racetrack, Free Form etc.) Is it effective for customer flow? What type of fixtures do they use? Is music constantly playing? What type? What type of scent is in the store? Does it detract or attract? Notice the lighting. Does it do a good job in highlighting merchandise, structuring space, capturing a mood, and downplaying unwanted features? Are the fixtures consistent with the merchandise and the overall ambiance of the store? Are they flexible? Evaluate the store's signage. Do they do an effective job in selling merchandise? Has the retailer used any theatrical effects to help sell merchandise? Does the store layout help draw people through the store? Evaluate the retailer's use of empty space. Has the retailer taken advantage of the opportunity to sell merchandise in feature areas? Does the store make creative use of wall space? What type of layout does the store use? Is it appropriate for the type of store? Would another type layout be better? Ask the store manager how space is assigned to merchandise. Critically evaluate the answer. Ask the store manager if plan-o-grams are used. If so, try to determine what factors are considered when putting together a plan-o-gram. Has the retailer employed any techniques for achieving greater space productivity such as using the "cube", down-sizing gondolas and racks, and minimizing non-selling space? Are departments in the most appropriate locations? Would you move any departments? What method(s) has the retailer used for organizing merchandise? Is this the "best" way? Suggest appropriate changes.

Customer Service: What type of services does this store offer? (Alterations, gift wrapping etc.) Talk to 3 customers - What is their perception of this store's customer service? How does this store handle customer complaints? Does this store have "mystery shoppers" to check level of service? Is the salesperson "empowered" to make decisions or is it up to management? Were you greeted when arriving at the store? Were

shopping baskets/carts available and/or offered? Were salespeople visible on the store floor? Did anyone ask if they could assist you in finding an item? When asking for assistance, did the salesperson take you to the item or point to the item? Were salespeople using product knowledge when speaking with their guests? Did employees appear friendly? Were they smiling? Check the restrooms - are they clean, clearly marked, are paper products and soap available? If you used a credit card or check, did the cashier use your name? If you did not use either, did you notice what happened to another customer if they did? Were samples offered anywhere in the store? If yes, describe. Provide comments on the overall service - especially the checkout.

3. (45%) **Specific Merchandise Category** - Comparing the merchandise offering and pricing like the table in Exhibit 2-2, page 39. What brands do they carry? Do they offer private label brands? Compare the categories on breadth and depth of assortment by counting the SKUs of different types and prices by looking for the prices of similar items and compare the prices. Where is the category located in the store and how much space is devoted to the category? Were sale items/store circulars displayed and/or available?

Data Collection

To prepare this comparison you need to visit the stores (not the websites) and observe the retail mixes in the stores. Try to make an appointment with the department or store manager and conduct a structured interview to collect information about the its retail approach to appeal to the target market. In some cases, the manager might refuse to talk to you or let you collect data in the store. Then pretend you are a customer shopping for merchandise in the category to evaluate the customer service. Finally, look thoroughly at the merchandise in the category to make a comparison as if you were a competitor see in what the store has to offer. (see point 3 above)

Executive Memo

Summarize the results of the comparison shopping exercise in a memo – 10 to 20 pages, double-spaced maximum plus exhibits (tables and figures). Concentrate on the difference in the retailing of the merchandise category, illustrating how different strategies results in different retail mixes and providing a thoughtful, insightful discussion of how and why these differences arise. Focus on comparing the store's offering, not the retailer's offering from its internet site. You could also point out inconsistencies in the store's strategy and implementation through its retail mix for the category. Email the written assignment to me bart.weitz@cba.ufl.edu prior to the start of class.

Article Discussions:

In these discussion class assignments, I divided the class is divided in half and assigned everyone to either Group 1 (last name first letter A through L) or Group 2 (M through Z). Students, in the group assigned for the day, will have an opportunity to briefly present and discuss an article they found related to the topic of the day. The article can be from any source – EBSCOhost, ProQuest, *The Wall Street Journal*, *The New York Times*, or a retail trade magazine such as *Stores*, *Chain Store Age*, and *DSN Retailing Today*. The article must be current (after July 2007), directly relevant to the topic of the day, and interesting.

Each student has four opportunities to earn a maximum of 30 article discussion points. The points are earned as follows: students will have three (out of a potential four) opportunities during the semester to turn in articles and synopses (a paragraph or two) of the articles. Your synopses must be typed. You get 5 points for turning in the article and synopses and five points for presenting the article in class. Points will be deducted if the article is not relevant to the discussion subject or not current.

Class Participation and Attendance:

Five points will be deducted for missing the field trip to the distribution center and for missing each class with a guest speaker.. The only excused absences are class conflicts and you need to notify me about the conflict before the trip. You can earn up to 30 point for class participation – asking questions and discussing issues in class. You can have up to three excused absences. Points will be deducted for additional absences. Arriving to class late and leaving early counts as an absence.

Extra Credit

You can earn two points for every Sear Seminar Series, MAR 2290, presentation you attend. Turn in the attendance slip after the presentation and indicate you are in MAR3231 on the attendance sheet. The presentations are in Bryan 130, 10:40 to 11:30 am every Friday during the Spring semester. A list of speakers is posted on the retail center web site <http://www.cba.ufl.edu/mkt/crer/students/courses.asp> .

Grading:

Grades can be earned as follows:

Letter Grade	Number of Points
A	450-500
B+	425-449
B	400-424
C+	380-399
C	350-379
D+	320-349
D	300-319
F	Less than 300

Cheating:

It won't be tolerated and I will report it. As a student at the University of Florida, you are responsible for pursuing knowledge with integrity. Violations of the Academic Honesty Guidelines will result in judicial action. Violation of the Guidelines includes cheating, plagiarism, bribery, misrepresentation, conspiracy and fabrication. If you have no idea what I am talking about, you should update yourself on this policy at:

<http://www.dso.ufl.edu/studentguide/studentconductcode.php#studentcode> .

Accommodations for Students with Disabilities:

Students requesting classroom accommodation must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the Instructor when requesting accommodation.

Make-up Exams:

Make-up exams are only considered if there has been a valid and documented family or medical emergency.

CLASS SCHEDULE**1. Tuesday, August 26 Introduction****2. Thursday, August 28 – World of Retailing**

Read: Chapter 1 (L&W)

3. Tuesday, September 2 Types of Retailers

Read: Chapter 2 (L&W)

Group 1 Article Discussion Assignment – Find and present an article about trends and/or new developments in retailing either related to

- a specific type of retailing such as department stores, supermarkets, specialty stores, big box retailers, drug stores, department stores, discount stores, home improvement stores, etc. or a demographic or
- a demographic or social trend on retailing such the effect on retailing or a retailer of the growth in minority markets; GEN Y of Baby Boomers; the aging population; two income families; non-traditional family units; etc
- Be prepared to discuss how this trend will affect retailing or retailers.

4. Thursday, September 4 Social Responsibility

Read: Case 4: Wal-Mart and Corporate Social Responsibility (L&W)

The class will debate the proposition “Wal-Mart’s size and retail activities are detrimental to society in general.” Student’s with last names beginning with A through L will be prepared to argues the position agreeing with the proposition and students with last names M through Z will be prepared to argues the position disagreeing with the proposition.

Each person will turn in a two page max, single spaced , bullet points with the key points supporting their position

5. Tuesday, September 9 - Multi-Channel Retailing

Read Chapter 3 (L&W)

Group 2 Article Discussion Assignment – Find and present an article about the effects of the Internet on retailing or uses of the Internet to facilitate shopping.

6. Thursday September 11 – Internet Shopping

Internet Shopping Discussion

Each person will turn in a two page max, single spaced , bullet point summary of some key observations from their internet shopping experience

Last Name	Assignment
A-G	Assume you are interested in buying a digital camera. Go to www.circuitcity.com and www.bestbuy.com and compare shopping on these two sites for a digital camera. What features on the sites did you find helpful? What features made shopping more difficult? What camera would you? Why? From which site would you buy it? Why?
H-M	Shopping comparison websites such as www.bizrate.com , , www.Pricegrabber.com and www.mysimon.com assist consumers in finding the best price for products. Go to these sites shopping for a woman’s sweater, a PDA, and a digital camera (Cannon Powershot). Report on your experiences with these sites and the feature they offer. What features do they have that you like? Don’t like? How could they be improved? Would you use them? Why or why not?

N-R	Assume that you are going to buy an engagement ring for your fiancée. Compare and contrast your shopping experience when you go to www.tiffany.com and www.bluenile.com . What are features of the sites do you like and dislike such as the “look and feel” of the site, navigation, special features you found useful or did not like, etc? How easy was it to locate what you were looking for? What was the checkout like? Etc?
S-Z	Assume that you are getting married and planning your wedding. www.theknot.com is a web sites designed to help you plan your wedding. Go to these sites and describe your experience. What are features of the site do you like and dislike such as the “look and feel” of the site, navigation, special features you found useful or did not like, etc? What are the specific services offered by the site that you would use.

7. Tuesday September 16 – Shopping Behavior

Guest speaker: Ray Arckey, Proctor & Gamble, Former Account Executive for Publix and now Manager, New Business Development

8. Thursday, September 18 – Retail Strategy

Read: Chapter 5 (L&W)

Group 1 Article Discussion Assignment – Find and present an article about a retail changing its strategy, adopting a new strategy, having problems like decreasing sales/profits, etc

9. Tuesday, September 23 – Starbucks Case Discussion

Read the Starbucks case posted on the course website and be prepared to discuss the case in class.

Each person will turn in a two page page, single-spaced, bullet point summary of their answers to the case questions.

10. Thursday, September 25 - First Exam (RTN Meeting)

Chapters 1-5 plus material covered on class, open notes but can not bring textbook

11. Tuesday, September 30 – Financial strategy

Read: Chapter 6 (L&W)

12. Thursday, October 2 – Retail Locations

Read: Chapter 7, 8 (L&W)

Group 2 Article Discussion Assignment – Find and present an article on retailer’s locations, innovative locations, new developments in shopping centers, issues related to operating shopping centers, etc

13. Tuesday, October 7 – Field Trip to Wal-Mart Distribution Center

Read: Chapter 10

Meet at distribution center at 8:30am at the Wal-Mart Distribution Center

HR dept Lee Carter

18815 NW 115th Ave

Alachua, FL 32615

(386) 418-5900

14. Thursday, October 9 – No Class – Yom Kippur

15. Tuesday October 14 – Strategic Analysis Team Presentations

Presentation by All Teams

Each presentation must be no longer than 10 minutes. Practice the timing of the presentation, because you will have to sit down at 10 minutes. The presentation should highlight the key finding of the executive memo focusing on the category assortment and retail mix not the company strategy.. In addition to conveying the information, you need to make the presentation interesting for the audience.

16. Thursday October 16 Human Resource Management

Read: Chapter 9 (L&W)

Guest Speaker – Bob Swan, VP of Human Resources, JCPenney

Assignment: Please review the efforts of the efforts of the retailers below (as reflected in their websites) to attract the best and brightest college students in to their management training programs. Turn in a

JCPenney

http://www.jcpennycareers.com/Career_Opportunities/N3_campus_rec_index.htm

Sears Holding

<http://www.searsholdings.com/careers/college/>

Macy's

<http://www.macysjobs.com/college/>

Wal-mart

<http://www.walmartstores.com/GlobalWMStoresWeb/navigate.do?catg=262>

Which of these retailers do you think is most effective and attractive? Which is the least effective and attractive? Which is the least effective? Why? What should each of these retailers do to increase their effectiveness?

Each person will turn in a two page max, single-spaced, bullet point summary of their of their evaluations and recommendations for these sites..

17. Tuesday October 21– Customer Relationship Management

Read: Chapter 11 (L&W)

Guest Speaker: Chicos

Group 1 Article Discussion Assignment – Find and present an article on retailer's CRM/loyalty program or an article about privacy and security for customer data collected by a retailer.

18. Tuesday October 23– Buying Merchandise and Vendor Relationships

Read: Chapter 14 (L&W)

Guest speaker: Chrissy Kavanagh, buyer, Bealls

19. Thursday, October 28 - Planning Assortments

Read: Chapter 12 (L&W)

20. Thursday, October 30 – Second Exam

Chapter 6, 7, 8, 9, 10, 11, 12, 14 plus material covered in class. Open notes, not open book

21. Tuesday November 4– Pricing

Read: Chapter 15 (L&W)

Star Hardware Assortment Planning Assignment due

Cynthia Turk is an assistant buyer for Star Hardware, a chain of 10 hardware stores in a large Midwestern city. She works for Ramon Martinez, who is responsible for the hand tools merchandise categories. Mr. Martinez is concerned with the performance of the hand wrench category. He has assigned Ms. Turk to analyze the category and make recommendations to improve its performance and developing model stock plan. Ms. Turk can use the Excel spreadsheet found under “Merchandise Assortment Plan” on the Student CD. Factors Mr. Martinez suggested that Ms. Turk consider in her analysis include (1) increasing the GMROI for the category, (2) maintaining the level of sales in the category, (3) providing a full line of wrenches probably with the good, better, best range in the assortment, and (4) evaluating the performance of the vendors and private-label import program. Assume that the quality of the wrenches is related to their price. Eagle 1 and Eagle 2 are two different product lines.

Group 2 Article Discussion Assignment Pricing – Find and present an article about pricing decisions or practices made by a retailer such as special discounts, margins, sales, approaches for price discrimination, legal restraints on price decisions, etc

22. Thursday, November 6 – Retail Communications

Read: Chapter 16 (L&W)

Group 1 Article Discussion Assignment - Communications Find and present an article about a retailer’s communication programs directed toward building its brand, attracting customers, creating word of mouth using Web 2.0 techniques, etc.

23. Tuesday November 11 Veterans Day No Class

24. Thursday, November 13.– Store Management

Read: Chapter 17 (L&W)

Guest speakers:

Steve Mardis, store manager, Toys R Us
Alex Cortazar, store manager, Babies R Us
Ray Campbell, store manager, Kohls
John Meyers, District Manager, AT&T Mobile

**25. Tuesday, November 18 - Store Design and
Read: Chapter 18 (L&W)**

26. Thursday, November 20 Entrepreneurship
**Guest speaker -Mason Allen, former senior executive at May Company,
Steinmart**

**27. Tuesday November 25 – Customer Service
Read: Chapter 19 (L&W)**

Group 2 Article Discussion Assignment Customer Service – Find and present an article about a retailer’s customer service activities

28. Thursday-November 27 Thanksgiving No Class

29. Tuesday, December 2 – Comparison Shopping Presentations Teams 1,2,3,4
Each presentation must be no longer than 20 minutes. Practice the timing of the presentation, because you will have to sit down at 20 minutes. The presentation should highlight the key finding of the executive memo focusing on the category assortment and retail mix not the company strategy.. In addition to conveying the information, you need to make the presentation interesting for the audience.

**30. Thursday December 4 - Comparison Shopping Presentations Teams 5,6,7,8
Comparison Shopping Written assignment due**

31. Tuesday December 9 – Third Exam
Chapter 15, 16, 17, 18, 19 plus material covered in class