



# MK 322 Retail Management

## Chapter 1: The World of Retailing

By Ajarn Suwalya K.



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Also called engagement marketing, experiential marketing is a **marketing strategy that immerses customers within a product or deeply engages them**. In short, experiential marketing enables consumers to not just buy products or services from a brand, but to actually experience the brand.





# Chapter 1

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# Introduction to the World of Retailing



# Retailing Today and the Future

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# What is Retailing?

- **Retailing: is the set of business activities that add value to products and services sold to consumers for their personal or family use.**
- Often people think retailing as the sale of products in stores, but retailing also involves the sales of services such as overnight lodging in a motel, a doctor's exam, a haircut, or a home-delivered pizza
- Not all retailing is done in stores. For example, ordering T-shirt on mobile App, or buying cosmetics from Avon lady.

# Type of Retailer

● TABLE | 13.1 Major Store Retailer Types

Type	Description	Examples
Specialty store	A store that carries a narrow product line with a deep assortment, such as apparel stores, sporting-goods stores, furniture stores, florists, and bookstores. A clothing store would be a <i>single-line</i> store, a men's clothing store would be a <i>limited-line</i> store, and a men's custom-shirt store would be a <i>superspecialty</i> store.	REI, Radio Shack, Williams-Sonoma
Department store	A store that carries several product lines—typically clothing, home furnishings, and household goods—with each line operated as a separate department managed by specialist buyers or merchandisers.	Macy's, Sears, Neiman Marcus
Supermarket	A relatively large, low-cost, low-margin, high-volume, self-service operation designed to serve the consumer's total needs for grocery and household products.	Kroger, Safeway, Supervalu, Publix
Convenience store	A relatively small store located near residential areas, open long hours seven days a week, and carrying a limited line of high-turnover convenience products at slightly higher prices.	7-Eleven, Stop-N-Go, Circle K, Sheetz
Discount store	A store that carries standard merchandise sold at lower prices with lower margins and higher volumes.	Walmart, Target, Kohl's
Off-price retailer	A store that sells merchandise bought at less-than-regular wholesale prices and sold at less than retail: often leftover goods, overruns, and irregulars obtained at reduced prices from manufacturers or other retailers. These include <i>factory outlets</i> owned and operated by manufacturers; <i>independent off-price retailers</i> owned and run by entrepreneurs or by divisions of larger retail corporations; and <i>warehouse (or wholesale) clubs</i> selling a limited selection of brand-name groceries, appliances, clothing, and other goods at deep discounts to consumers who pay membership fees.	Mikasa (factory outlet); TJ Maxx (independent off-price retailer); Costco, Sam's Club, BJ's Wholesale Club (warehouse clubs)
Superstore	A very large store traditionally aimed at meeting consumers' total needs for routinely purchased food and nonfood items. This category includes <i>supercenters</i> , combined supermarket and discount stores, and <i>category killers</i> , which carry a deep assortment in a particular category and have a knowledgeable staff.	Walmart Supercenter, SuperTarget, Meijer (discount stores); Best Buy, PetSmart, Staples, Barnes & Noble (category killers)

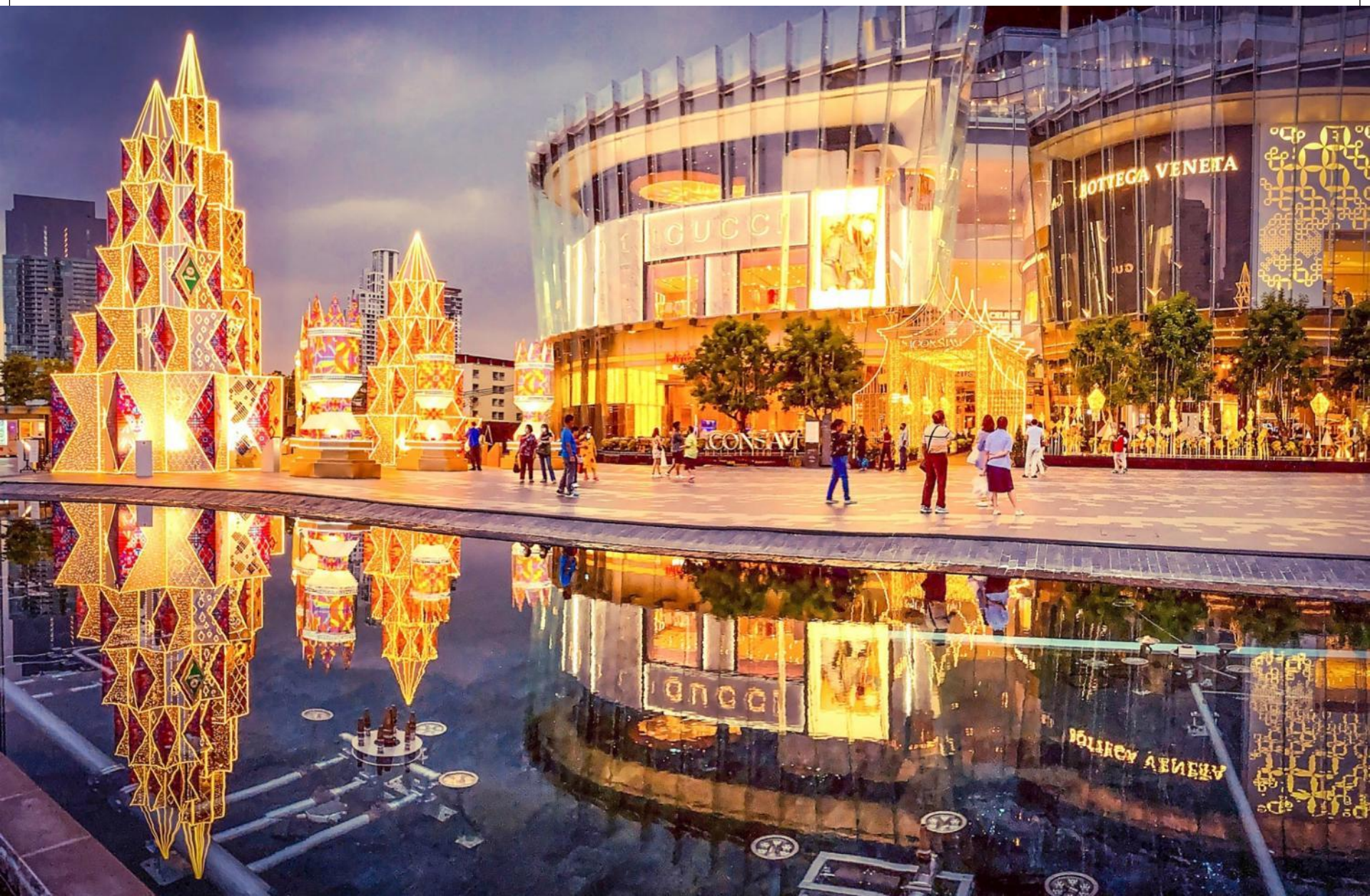
# What re Brick-and-Mortar Store ?

- **Brick-and-Mortar Store** — Brick-and-mortar refers to a traditional business that has a **physical store** or **stores** where customers browse and make ...



# ZARA









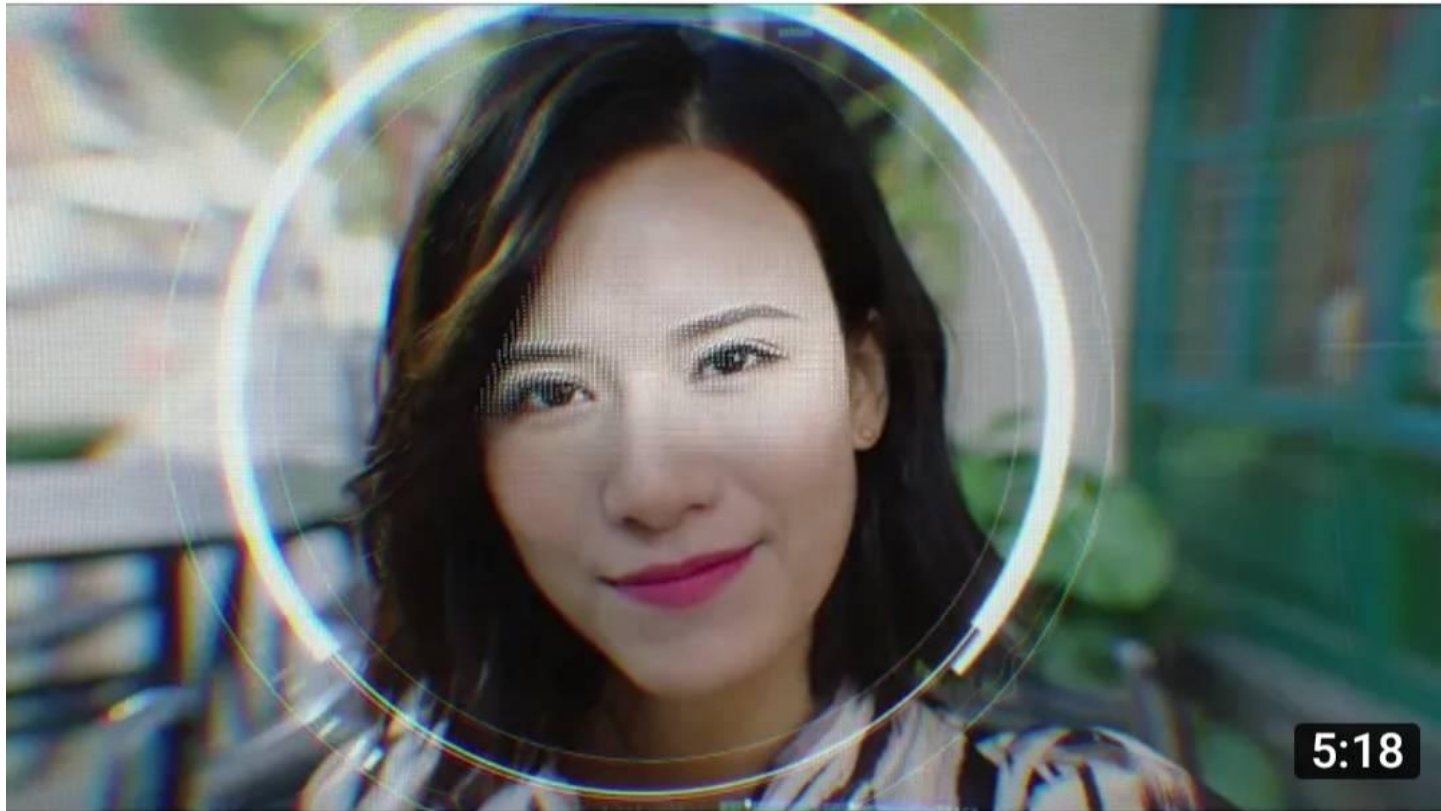
Online-to-offline (O2O) commerce is a **business model that draws potential customers from online channels to make purchases in physical stores.**



## Introducing Amazon Go and the world's most advanced shopping technology

amazon · 15M views · 5 years ago





## New Retail | Alibaba Cloud Retail Transformation



Alibaba Cloud · 1.3K views · 4 months ago



**ASDA**  
part of the WAL-MART family

**TESCO**

**savers**  
HEALTH HOME BEAUTY

Superdrug



Carrefour

**Ahold** **Sainsbury's**

**WAL-MART**

**METRO** Group

**LANDMARK**

Lloydspharmacy

GRUPE **Casino** **P&H**

**Somerfield**



**BOOTH'S** **MARKS & SPENCER**

**BOOKER**  
CASH & CARRY

the **Co-operative Group**



**Costcutter**

**NETTO**

**Iceland**

**REWE**



**BUDGENS**

**SPAR**

**Nisa Today's**



**COSTCO**



**Waitrose** **E.LECLERC**

**DUNNES STORES**

**Wilkinson**

**ICA** **axfood**

**MIGROS**

**Musgrave**

**coop**

**coop**

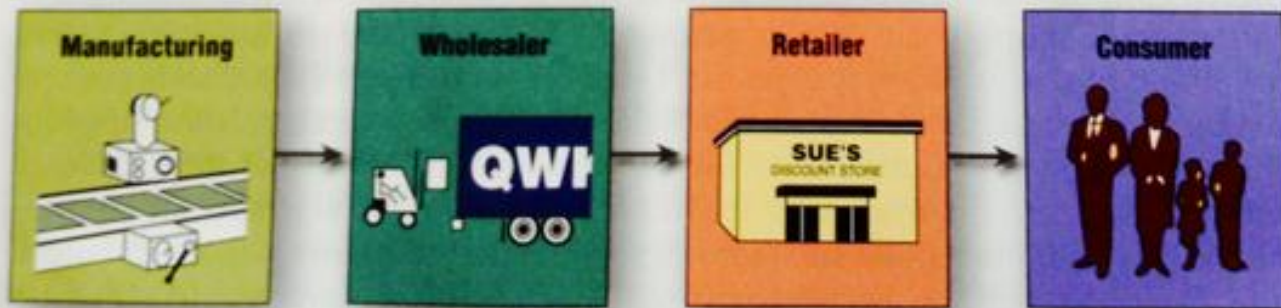


# Top of Mind



Fast Food  
Shampoo  
Deodorant  
Soft Drink  
Cars  
Clothing  
Shoes  
On-line  
Books

# Retailer's Role in a Supply Chain



**EXHIBIT 1-2**  
Example of a Supply Chain

# Retailer's Add Value

1. Provide assortment of products and services
2. Breaking Bulk
3. Holding Inventory
4. Providing Services



# Cost of Channel Members

Channel Member			Profit as a Percentage of Sales
Manufacturer	Cost	\$10.00	
	Profit	\$1.00	9.10%
	Selling price to wholesaler	\$11.00	
Wholesaler	Price paid to manufacturer	\$11.00	
	Cost to add value	\$2.00	
	Profit	\$1.00	8.00%
	Selling price to retailer	\$14.00	
Retailer	Price paid to distributor	\$14.00	
	Cost to add value	\$4.00	
	Profit	\$1.95	
	Selling price to customer	\$19.95	9.77%

## EXHIBIT 1-3




Costs Incurred to Undertake Value-Added Activities in the Distribution Channel for a T-Shirt

Selling price to customer \$19.95  
 Profit \$1.95

# Global Retailing?

**EXHIBIT 1-4**

Comparison of Retailing and Distribution across the World

	 United States	 Northern Europe	 India	 China
Concentration (percent of sales made by large retailers)	Highest	High	Lowest	Low
Retail density (square feet of retail space per person)	Highest	Modest	Lowest	Low
Average store size	Highest	Modest	Lowest	Modest
Role of wholesalers	Minimal	Modest	Extensive	Extensive
Infrastructure supporting efficient supply chain	Best	Good	Weakest	Weak
Restrictions on retail locations, store size, and ownership	Minimal	Extensive	Extensive	Modest

store size, and ownership  
 Restrictions on retail locations,  
 efficient supply chain

Minimal

Extensive

Extensive

Modest

# Global Retailing?



The retail industry in India is dominated by small, local retailers with few modern national chains.

# Global Retailing?

## Thailand Retailing Scene



# Global Retailing?

## Thailand Retailing Scene



**ARTBOX**  
AT THE EM DISTRICT

LET'S CELEBRATE CHRISTMAS AND NEW YEAR TOGETHER

**200 SHOPS DESIGN**  
**150 FOOD IDEAS**

M1: 4-6 DEC | M2: 11-13 DEC | M3: 18-20 DEC | M4: 25-27 DEC

OPEN EVERY FRIDAY-SUNDAY IN DECEMBER  
BTS PHROM PHONG EXIT 6

ARTBOXTHAILAND  
ARTBOX\_TH

An aerial night view of the Artbox event at the EM District. The event is a large outdoor market with many stalls and people. The market is set up on a street with a pedestrian bridge in the background. There are many stalls with various goods, and a large crowd of people is walking through the market. The surrounding city skyline is visible in the background.

# Global Retailing?

EXHIBIT 1-5

The 20 Largest Retailers in the World

Rank	Name	Headquarters Location	Number of Countries	Stores in U.S.	Sales (\$ millions)	Primary Format
1	Walmart	U.S.	16	Yes	418,993	Supercenter
2	Carrefour	France	33	No	119,652	Supercenter
3	Tesco	UK	13	Yes	92,171	Supercenter
4	Metro	Germany	33	No	86,931	Warehouse club
5	Kroger	U.S.	1	Yes	82,189	Supermarket
6	Schwarz Untermatmens Trauhard	Germany	26	No	79,119	Discount store
7	Costco	U.S.	9	Yes	76,225	Warehouse club
8	Home Depot	U.S.	5	Yes	67,997	Home improvement
9	Walgreens	U.S.	2	Yes	67,420	Drug store
10	Aldi Einkauf	Germany	18	Yes	67,112	Discount store
11	Target	U.S.	1	Yes	65,786	Discount store
12	Rewe	Germany	13	No	61,134	Supermarket
13	CVS	U.S.	2	Yes	57,345	Drug store
14	Seven & Holding	Japan	18	Yes	57,055	Convenience store
15	Groupe Auchan	France	13	No	55,212	Supercenter
16	Edeka Zentrale	Germany	1	No	54,074	Supermarket
17	Aeon	Japan	8	No	53,458	Supercenter
18	Woolworth	Australia	2	No	51,171	Supermarket
19	Best Buy	U.S.	15	Yes	50,272	Electronics category specialist
20	Lowe's	U.S.	3	Yes	48,815	Home improvement

Source: "2011 Global 250 Retailers," *Stores Magazine*, January 2012.

# The World's Largest Retailers

Top 10 retailers based on estimated global retail sales in 2020\*



\* all figures are estimates based on FY2019 results and YTD 2020 results (primarily reported in March/April 2020)

Source: Kantar



# The future of Retailing?





Feeling so happy  
that this New  
Year I will be  
reuniting with my  
relatives....

**ดีใจมาก ปีใหม่  
ญาติๆมาเจอกัน**

Class Exercise:

Retail Entrepreneurial Opportunities

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# Entrepreneurial opportunities

Jeff Bezos – Amazon.com



# Entrepreneurial opportunities

Ingvar Kamprad - IKEA



# Entrepreneurial opportunities

Howard Schulz - Starbucks



# Entrepreneurial opportunities

## Group Assignment:

- What do they have in common?
  - What differences do they have?
  - What vision did each one have?
  - What makes their retail businesses so successful?
- 
- Please create one page ppt. slide to be due next Tuesday January 25<sup>th</sup>. Please design the one page by using graphs, charts, visuals to make one page interesting ka.



What we will cover-

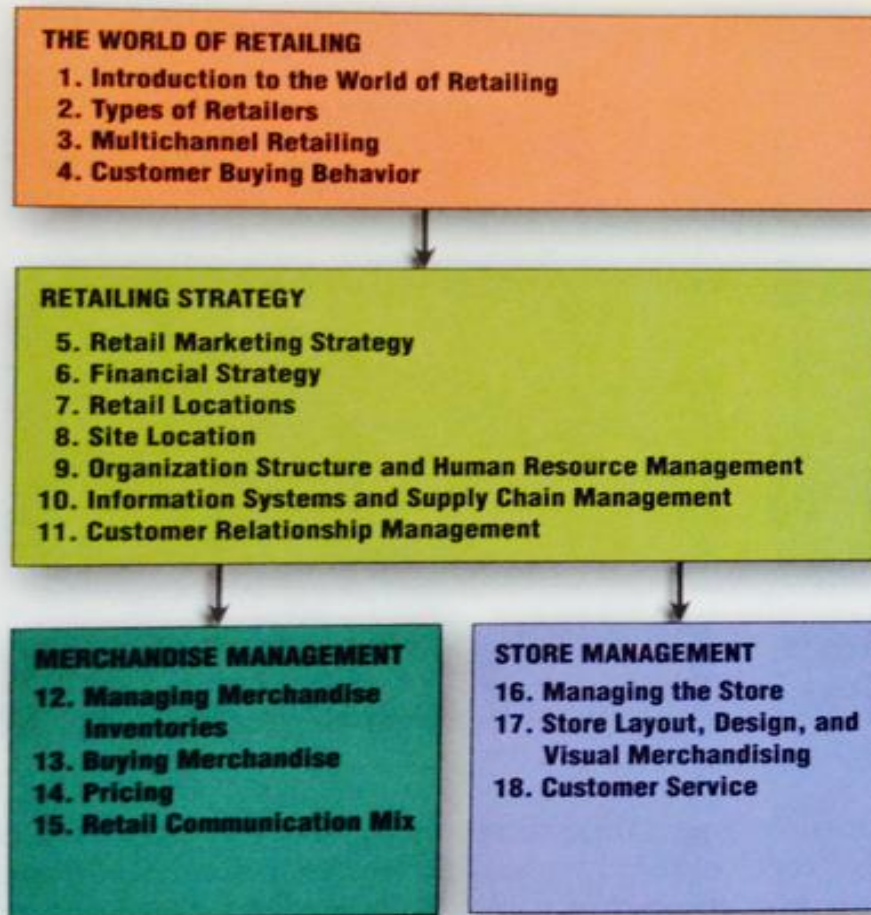
# The Retail Management Decision Process

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# Management Decision Process

Introduction to the World of Retailing CHAPTER 1



**EXHIBIT 1-6**  
Retail Management  
Decision Process

**Section I**

**Section II**

**Section III**

**Section IV**

# Culture and Technology

## Section III and Section IV





**That's All Folks**