

Distribution Channels Strategy II

CHAPTER 13: Retailing and Wholesaling

MK 201 Principles of Marketing
By Aj.Suwalya K.

Objective Outline

- **Objective 1:** Explain the roles of retailers in the distribution channel and describe the major types of retailers.
- **Objective 2:** Describe the major retailer marketing decisions.
- **Objective 3:** Describe the major trends and developments in retail
- **Objective 4:** Explain the major types of wholesaler sand their marketing decisions

Objective 1

Retailing



BEKO produces a wide range of electronic goods, from washing machines to plasma TVs, demonstrating that Turkish engineering can offer quantity and quality.

Retailing

- ❖ Retailing: All the Activities involved in selling goods or services directly to the final consumers for their personal, non-business use.
- ❖ Retailer: A business whose sales come primarily from retailing
- ❖ Shopper marketing: Using in-store promotions and advertising to extend brand equity to “the last mile” and encouraging favorable point-of-purchase decisions

Retailing



Shopper marketing: The dramatic growth of digital shopping has added a new dimension to “point of purchase”. Influencing consumer’s buying decisions as they shop involves efforts aimed at in-store, online and mobile shopping.

● **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.	REI, Sunglass Hut, Sephora, 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. 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 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 (warehouse clubs)
Superstore	A very large store that meets consumers' total needs for routinely purchased food and nonfood items. This includes <i>supercenters</i> , combined supermarket and discount stores, and <i>category killers</i> , which carry a deep assortment in a particular category.	Walmart Supercenter, SuperTarget, Meijer (discount stores); Best Buy, PetSmart, Staples, Bed Bath & Beyond (category killers)



Convenience stores: Sheetz positions itself as more than just a convenience store. Driven by its Total Customer Focus mission and the motto-"Feel the Love" Sheetz aims to provide "convenience without compromise."



Despite recent belt-tightening by consumers, the Publix supermarket chain has succeeded by lowering prices and helping customers get the most out of today's tighter food budgets.



Discounter Dollar General, the nation's largest small-box discount retailer, makes a powerful value promise for the times: "Save time, Save money. Every day."



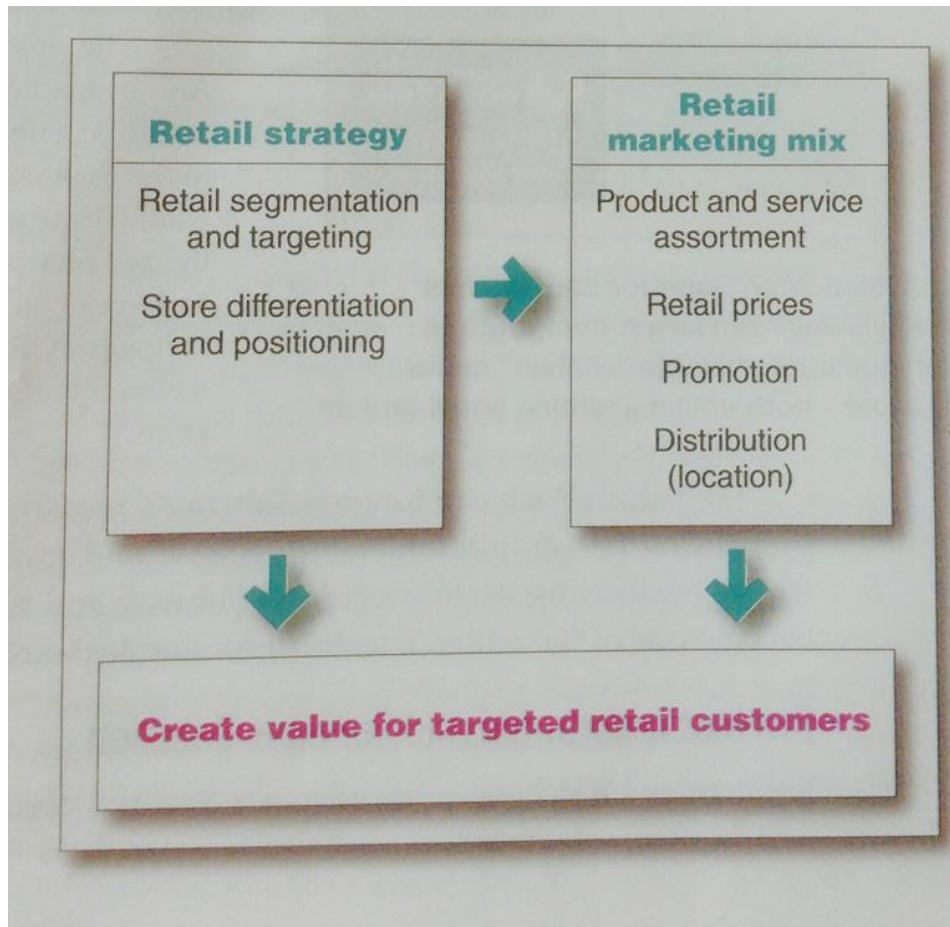
In the battle for "share of stomach", regional supermarket chain WinCo successfully competes head-on with large discounters such as Costco and Walmart. It's rapidly becoming "Walmart's worst nightmare."

Objective 2

Retailing Marketing Decisions

Retailing

- Figure 13.1 Retailer Marketing Strategies



← As with other types of marketers, the name of the game for retailers is to find the customer-driven marketing strategy and mix that will let them create value for customers and capture value in return. Remember Target's "Expect more. Pay Less" value proposition? And Olive Garden's "When you're here, you're family."





Retail targeting and positioning: Give Guys Burger and Fries succeeds by positioning itself strongly away from McDonald's and other large fast-foods giants. The menu is very limited, but what you can get at Five Guys you simply can't get at McDonalds.



Retail targeting and positioning: Which Wich Superior Sandwiches succeeds by positioning itself strongly away from larger competitors. It offers more than 50 varieties of unique customizable "wiches" and a "positive energy" from being in the store – both unlike anything



Experiential retailing: L.L. Bean has turned its flagship retail store in Freeport, Maine into an adventure center, where customers can experience goods before buying them.

Siam Paragon: Department store



7-Eleven: Convenience Store





THE BODY SHOP

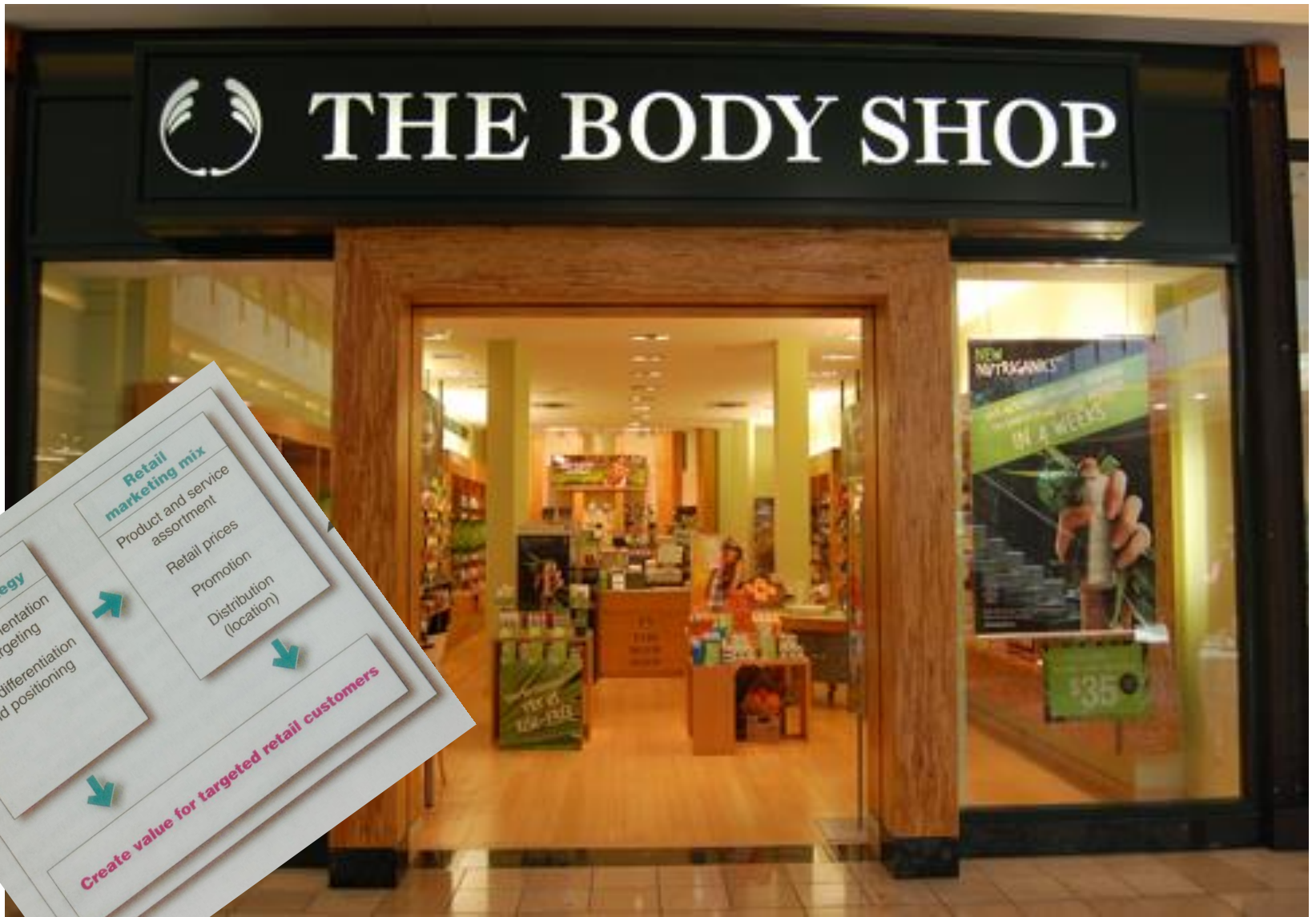
Retail strategy

Retail segmentation and targeting
Store differentiation and positioning

Retail marketing mix

Product and service assortment
Retail prices
Promotion
Distribution (location)

Create value for targeted retail customers



Objective 3

Retail Trends

Trends in Retail

- Tighter Consumer Spending



Value positioning: Facing tighter consumer spending, Home Depot adopted a thriftier theme: "More saving. More doing."



New retail forms: many retailers-such as Toys “R” Us- are setting up limited-time “pop-up” stores that let them promote their brands to seasonal shoppers and create buzz in busy areas. (pop up stores-temporarily)



New retail forms: Many retailers, such as Brazilian sandal maker Havaianas use temporary pop-up shops to promote their brands to seasonal shoppers and create buzz in busy areas.

Real Marketing 13.1

Digitalizing the In-Store Retail Experience



Digitalizing in-store retail: AT&T flagship Chicago showroom infuses digital and online technologies into a physical store environment to let customers experience the impact of its devices and services on their lives. It's like walking into a Web site."

Growth of Direct, Online, Mobile and Social Retailing

- ❖ Showrooming: The shopping practice of coming into a retail store showrooms to check out merchandise and prices but instead buying from online-only rival, sometimes while in the store.



The digital age has spawned a whole new breed of shopper- people who just can't buy anything unless they first look it up online and get the lowdown.

Real Marketing 13.2

Shopping in Stores But buying Online Versus Getting More in Store



Showrooming: The now-common practice of viewing products in stores but buying them online presents serious challenges to store retailers. Rather than fighting showrooming, store retailers should embrace it as a way to showcase their strengths



Retail technology: Macy's uses Shopkick's shopBeacon to engage consumers in the store and personalize their shopping experience.



Green retailing: Safeway offers its own Bright Green line of home care products, including cleaning and laundry products made from biodegradable and naturally derived ingredients.

Objective 4

Wholesaling

Wholesaling

- ❖ **Wholesaling:** All the activities involved in selling goods and services to those buying for resale or business use.
- ❖ **Wholesaler:** A firm engaged primarily in wholesaling activities.

Wholesaling

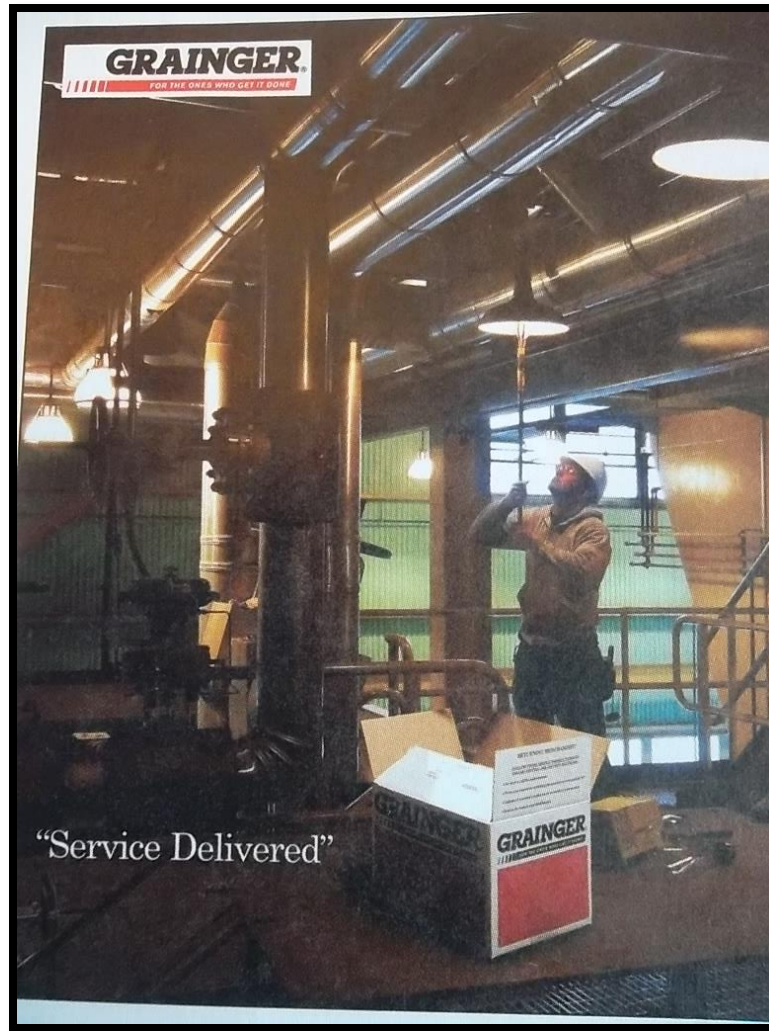
3 Major Groups

- ❖ **1. Merchant wholesaler:** An independently owned wholesale business that title to the merchandise it handles.
- ❖ **2a. Broker:** A wholesales who does not take title to goods and whose function is to bring buyers and sellers together and assist in negotiation.
- ❖ **2b. Agent:** A wholesaler who represents buyers or sellers on a relatively permanent basis, performs only a few functions, and does not take title to goods.
- ❖ **3. Manufacturers' sales branches and offices:** Wholesaling by sellers or buyers themselves rather than through independent wholesalers





Travel Agents



Wholesaling: Many of the nation's largest and most important wholesalers-like Grainger- are largely unknown to final consumers. But they are very well known and much valued by the business customers they serve.

Wholesaling

- Figure 13.2 Wholesaler Marketing Strategies

Why does this figure look so much like Figure 11.1. You guessed it. Like retailers, wholesalers must develop customer-driven marketing strategies and mixes that create value for customers and capture value in return. For example Grainger helps its business customers “save time and money by providing them with the right products to keep their facilities up and running.

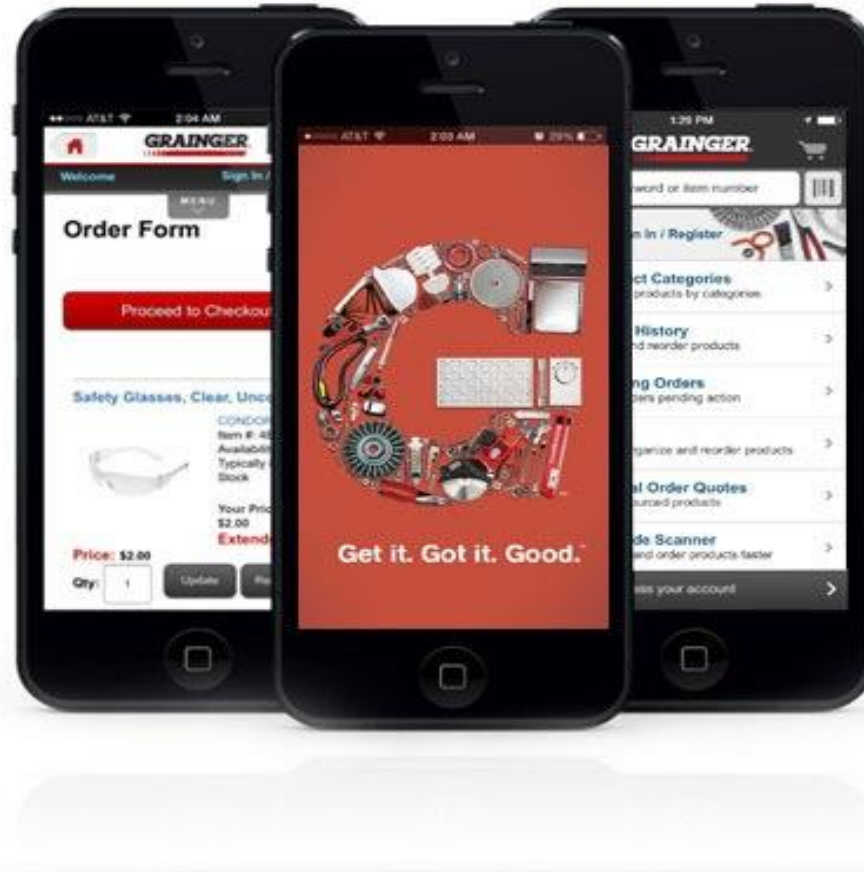


➤ Trends in Wholesaling



Pharmaceuticals wholesaler McKesson helps its retail pharmacist customers be more efficient by offering a wide range of online resources. Retail pharmacists can even use the McKesson system to maintain medical profiles on their customers.

➤ Trends in Wholesaling



Wholesaler marketing: progressive wholesalers like Grainger maintain an active presence online, mobile, and social media. For example online and mobile purchasing now account for 80 percent of Grainger's total sales.