

MK 322 Retail Management

Chapter 1: The World of Retailing

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Chapter 1

Introduction to the World of Retailing



Retailing Today and the Future



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)



Alibaba's Hema grocery stores are changing retail | CNBC Reports

CNBC International · 566K views · 2 years ago





Could this experimental Texas store be the future of brick-and-mortar retail?



CBS This Morning · 8.9K views · 1 year 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



REWE

NETTO

Iceland



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

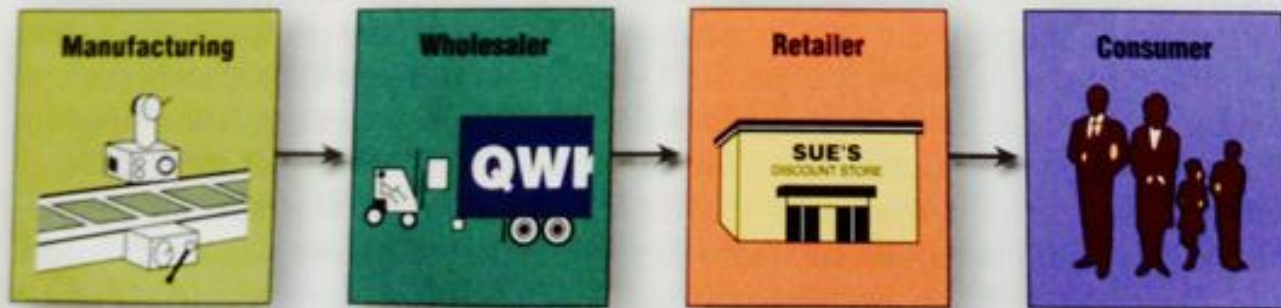


EXHIBIT 1-2
Example of a Supply Chain

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 21.82 8.11%

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
infrastructure supporting

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

A promotional poster for ARTBOX AT THE EM DISTRICT. The poster features a city skyline at night with the text "ARTBOX AT THE EM DISTRICT" at the top. Below the skyline, it says "LET'S CELEBRATE CHRISTMAS AND NEW YEAR TOGETHER" and "200 SHOPS DESIGN 150 FOOD IDEAS". It also lists the dates "M1: 4-6 DEC | M2: 11-13 DEC | M3: 18-20 DEC | M4: 25-27 DEC" and "OPEN EVERY FRIDAY-SUNDAY IN DECEMBER" with the location "BTS PHROM PHONG EXIT 6". There are social media icons for Facebook and Instagram with the handles "ARTBOXTHAILAND" and "ARTBOX_TH".

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 future of Retailing?





How the COVID-19 pandemic could change the retail industry



Global News · 58K views · 8 months ago





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

**ดีใจมาก ปีใหม่
ญาติๆมาเจอกัน**

Class Exercise:

Retail Entrepreneurial Opportunities



Entrepreneurial opportunities

Jeff Bezos – Amazon.com



Entrepreneurial opportunities

Ingvar Kamprad - IKEA



Entrepreneurial opportunities

Howard Schulz - Starbucks



The word "No" made me into a billionaire :
MinuteVideos · 4.3M views · 3 years ago



Entrepreneurial opportunities

Class Exercise (pg.19-20)

- What do they have in common?
- What differences do they have?
- What vision did each one have?
- What makes their retail businesses so successful?



What we will cover-

The Retail Management Decision Process



Management Decision Process

Introduction to the World of Retailing CHAPTER 1

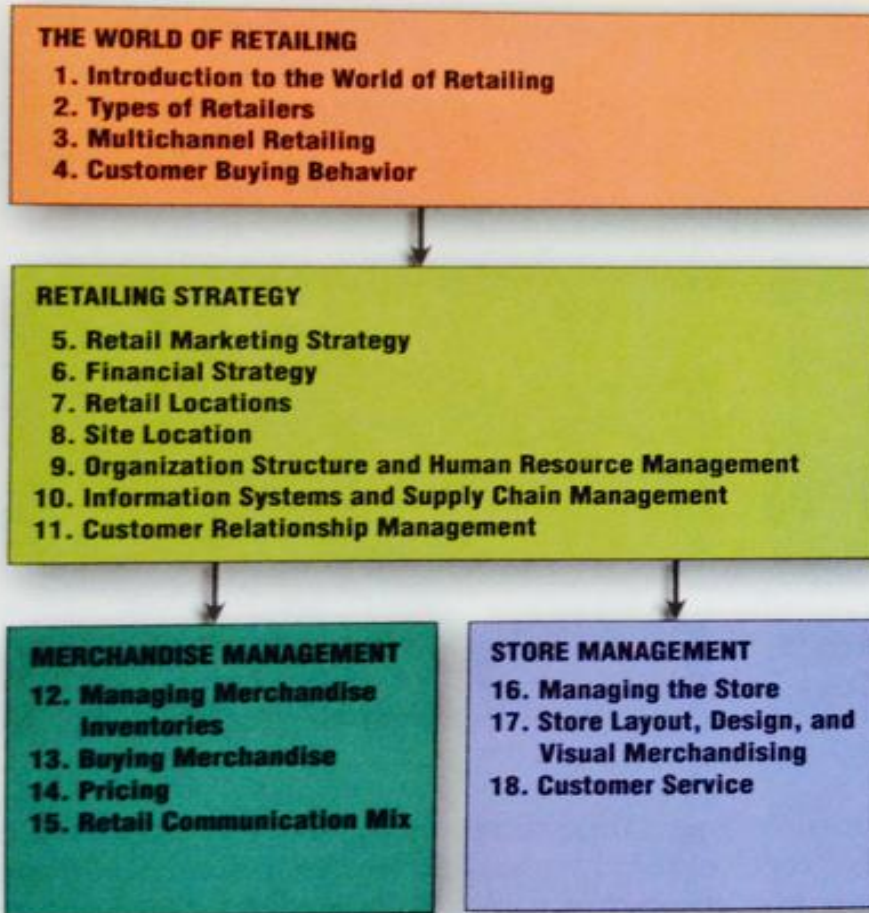


EXHIBIT 1-6
Retail Management
Decision Process

Section I

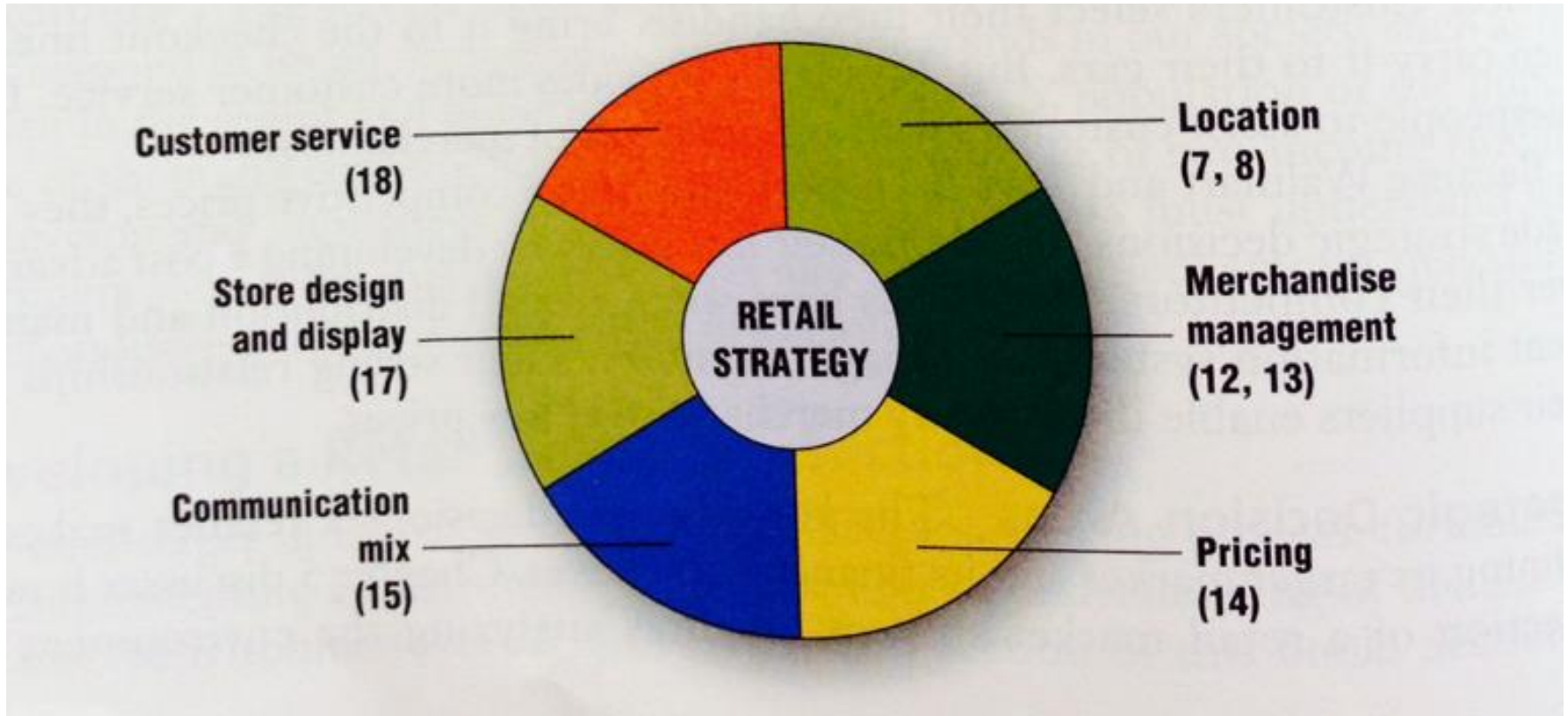
Section II

Section III

Section IV

Culture and Technology

Section III and Section IV





That's All Folks