



MK 322 Retail Management

Chapter 2: Types of Retailers Part II

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General Merchandise Retailers



Department Stores

- Department stores: A retailer that carried a wide variety and deep assortment, offers considerable customer services, and is organized into separate departments for displaying merchandise.

Department Stores

- Soft Goods: are nondurable or consumer goods which have shorter lifespan such as cosmetics, clothing and bedding.
- Hard Goods: are manufactured items that are expected to last several years, such as appliances, furniture, and consumer electronics.

Department Stores



Macy's is a very popular department store known for great sales.



known for great sales. Macy's is a very popular department store.

Department Stores

They are categorized in three tiers:

- The first tier includes upscale, high fashion chains with exclusive designer merchandise and excellent customer service such as Neiman Marcus, Bloomingdale's, Nordstrom and Saks Fifth Avenue.

Department Stores

- The second tier includes retailers selling modestly priced merchandise with less customer service. Traditional department stores include Macy's and Dillards

Department Stores

- The third tier is value oriented catering towards more price-conscious consumers. Sears, JC Penny, and Kohl's are examples.

Department Stores

- To deal with eroding market share, they are
 - 1. Increasing the amount of exclusive merchandising they sell
 - 2. Increasing their use of private-label merchandise
 - 3. Expanding their mulichannel presence

Full-Line Discount Stores

- Full-Line Discount Stores: retailers offer a broad variety of merchandise, limited service, and low prices.
- Larger chains are Walmart, Target and Kmart

Category Specialists

- Category specialists: are big-box stores that offer a narrow but deep assortment of merchandise
- Category Killers: offer a complete assortment in a category and kill a category of merchandise for other retailers. Using their category dominance and buying power, they buy products at low prices and are ensured of supply when items are scarce.

Category Specialists

EXHIBIT 2-6 Category Specialists			
Apparel/Shoe/Accessories Mens Wearhouse DSW	Furniture IKEA Pier 1 Sofa Express	Sporting Goods Bass Pro Shops Outdoor World Cabela's Dick's Sporting Goods L.L. Bean Golfsmith REI Sports Authority	Office Supply Office Depot Staples Office Max
Books Barnes & Noble	Home Bed Bath & Beyond The Container Store World Market		Pet Supplies PetSmart PETCO
Consumer Electronics Best Buy	Home Improvement Home Depot Lowe's	Toys Toys "R" Us	Musical Instruments Guitar Center

Category Specialists



Category specialists, like Staples, offer a deep assortment of merchandise at low prices.

Speciality Stores

- Speciality Stores: concentrate on a limited number of complementary merchandise and provide a high level of service.
- Tailor their retail strategy toward very specific market segments by offering deep, but narrow assortments and sales associate expertise
- Examples: Victoria Secret, Sephora
- Manufacturers open their own speciality store- Coach, Samsonite, Godiva, Levi's

Speciality Stores

- Another growing speciality store sector
- Thrift store: merchandise is donated and proceeds go to charity (Goodwill Industries)
- Consignment shop: a store that accepts used merchandise from people and pays them after it is sold
- Resale stores earn national revenues of more than \$13 billion

Speciality Stores

Apparel	Electronics/Software	Jewelry	GNC
Abercrombie & Fitch	Ascend Acoustics	Blue Nile	Kiehl's
Brooks Brothers	Apple	Tiffany & Co.	M.A.C.
The Buckle	Brookstone	Zales	MakeupMania.com
Forever 21	Crutchfield	Optical	Sephora
The Gap	GameStop	1-800 Contacts	Shoes
H&M	Newegg	LensCrafters	ALDO
Indochino.com	Radio Shack	Pearle Vision	Allen Edmonds
Ralph Lauren	Tiger Direct	Sunglass Hut	FootLocker
J. Crew	Housewares	Health/Beauty	Nine West
Threadless	Crate & Barrel	Aveda	Steve Madden
Urban Outfitters	Pottery Barn	Bath & Body Works	The Walking Company
Victoria's Secret	Sur la Table	The Body Shop	Zappos
Zara	Williams Sonoma		

Exhibit 2-7
Speciality Store Retailers

Speciality Store



Sephora is an innovative speciality store selling perfume and cosmetics.

Drugstores

- Drugstores: are specialty stores that concentrate on health and beauty care (HBC) products.
- Many drugstores have steadily increase space devoted to cosmetics.
- Prescription pharmaceuticals often represent almost 65 percent of drugstore sales.

Extreme-Value Retailers

- Extreme-Value Retailers: or called dollar stores are small discount stores that offer a broad variety, bit shallow assortment of household goods, health and beauty care (HBC) products and groceries.
- 2 largest in states –Dollar General and Family Dollar

Extreme-Value Retailers



What you can still get for a dollar?

Off-Price Retailers

- Off-Price retailers: offer an inconsistent assortment of brand-name merchandise at a significant discount off the manufacturer's suggested retail price (MSRP).
- Off-price retailers are able to sell brand-name and even designer-label merchandise at 20-60 percent lower than the manufacturer's suggested retail price because of unique buying and merchandising practices.
- Much of the merchandise is bought opportunity from manufacturers that have overruns, canceled orders, forecasting mistakes causing excess inventory, closeouts and irregulars.

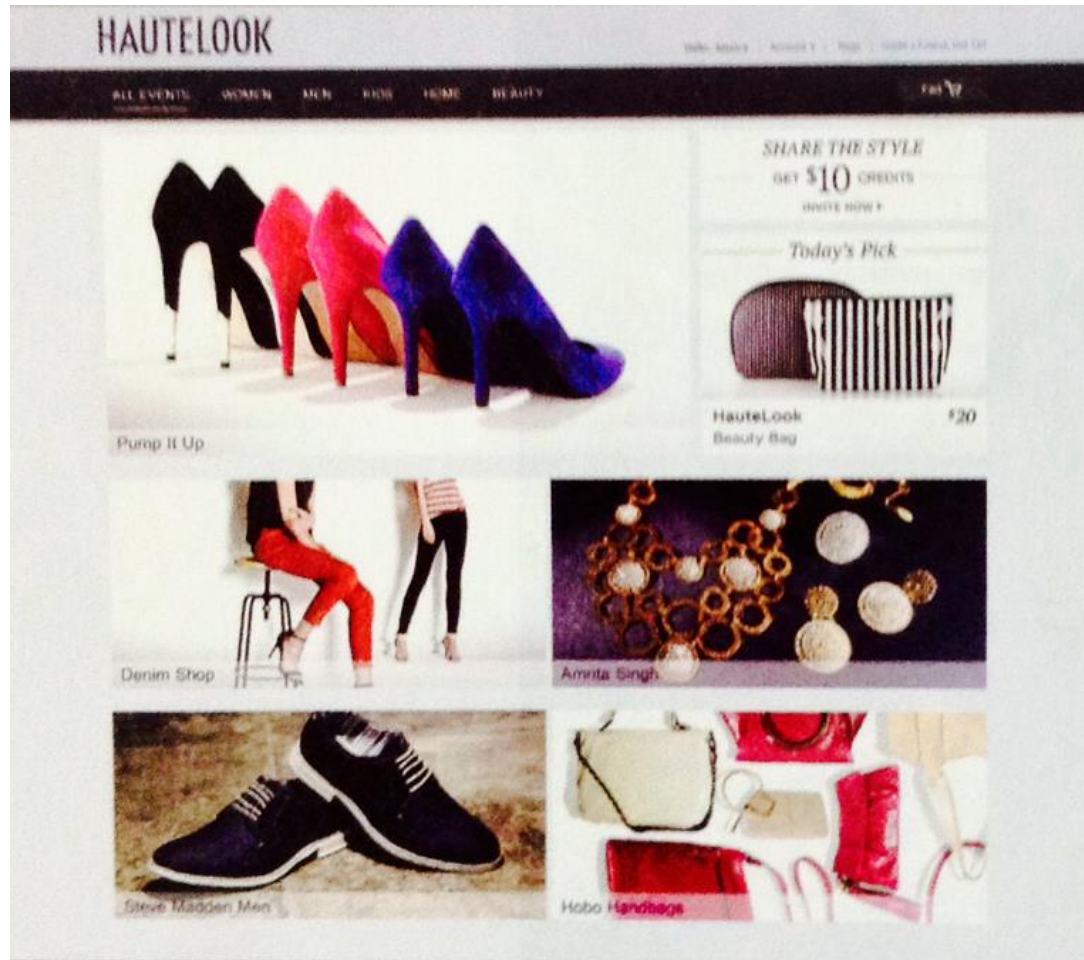
Off-Price Retailers

- Closeouts: are end-of-season merchandise that will not be used in the following seasons.
- Irregulars: are merchandise with minor mistakes in construction
- Flash sales: online twist to offline retailing as each day at the same time, members receive an e-mail that announces the deals available.

Off-Price Retailers

- Outlet stores: are off-price retailers owned by the manufacturers or retailers.
- Factory outlets are owned by manufacturers. They view outlet stores as an opportunity to improve their revenues from irregulars, production overruns, and merchandise returned by retailers.

Off-Price Retailers



Luxury Merchandise at great prices.

Service Retailing



Service Retailing

- Service retailer: Organization that offers consumers services rather than merchandise. Examples includes banks, hospitals, health spas, doctors, legal clinics, entertainment firms and universities.

Service Retailing

Type of Service	Service Retail Firms
Airlines	American, Southwest, British Airways, JetBlue
Automobile maintenance and repair	Jiffy Lube, Midas, AAMCO
Automobile rental	Hertz, Avis, Budget, Enterprise
Banks	Citi, Wachovia, Bank of America
Child care centers	Kindercare, Gymboree
Dry cleaners	Zoots
Education	Babson College, University of Florida, Princeton Review
Entertainment	Disney World, Six Flags, Chuck E. Cheese, Dave & Buster's
Express package delivery	FedEx, UPS, U.S. Postal Service
Fast food	Wendy's, McDonald's, Starbucks
Financial services	Merrill Lynch, Morgan Stanley, American Express, VISA
Fitness	Jazzercise, Bally's, Gold's Gym
Health care	Humana, HCA, Kaiser
Home maintenance	Chemlawn, Mini Maid, Roto-Rooter
Hotels and motels	Hyatt, Sheraton, Marriott, Days Inn
Income tax preparation	H&R Block
Insurance	Allstate, State Farm, Geico
Internet access/electronic information	Google, Internet Explorer, Mozilla Firefox, Safari
Movie theaters	AMC, Odeon/Cineplex
QSR	Panera Bread, Red Mango, Pinkberry
Real estate	Century 21, Coldwell Banker
Restaurants	Applebee's, Cheesecake Factory
Truck rentals	U-Haul, Ryder
Weight loss	Weight Watchers, Jenny Craig, Curves
Video rental	Blockbuster
Vision centers	LensCrafters, Pearle

Exhibit 2-8
Services Retailers

Service Retailing

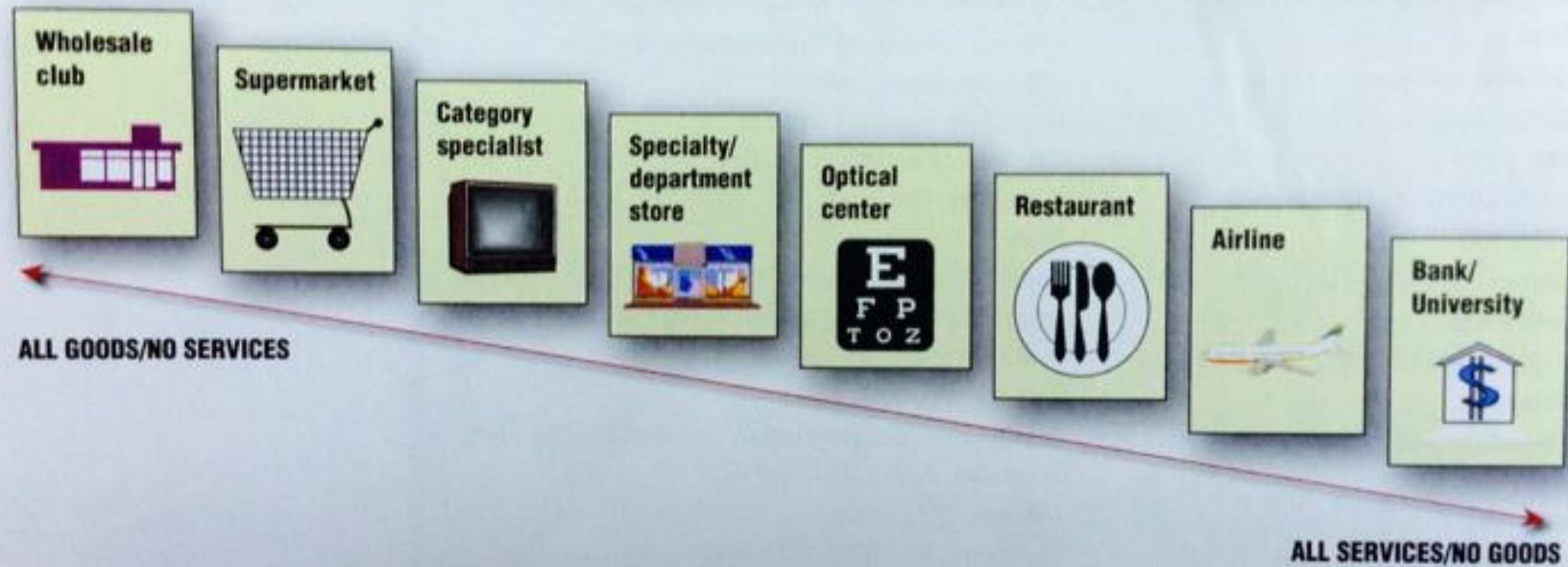


Going to Zoots to pick up laundry and dry cleaning is as easy as going to an ATM machine.

Service Retailing

EXHIBIT 2-9

Continuum of Merchandise and Services Retailers



Difference between Service and Merchandise Retailers

- Intangibility: services are less tangible than products- customers cannot see or touch them.
- Simultaneous Production and Consumption: products are typically made in a factory, stored and sold by a retailer, and then used by consumers in their homes. Service providers create and deliver the service as customers are producing it.

Difference between Service and Merchandise Retailers

- Perishability: services cannot be saved, stored, or resold
- Inconsistency: Products can be produced by machines with very tight quality control, so customers could be assured that all boxes of Cheerios will be identical. But because services are performances produced by people (employees and customers) no two services will be identical.

Types of Ownership



Types of Ownership

- Independent, Single-Store Establishments: many retail start-ups are owner managed which means management has direct contact with customers and can respond quickly to their needs.
- Retail Chain: a company that operates multiple retail units under common ownership and usually has centralized decision making for defining and implementing its strategy

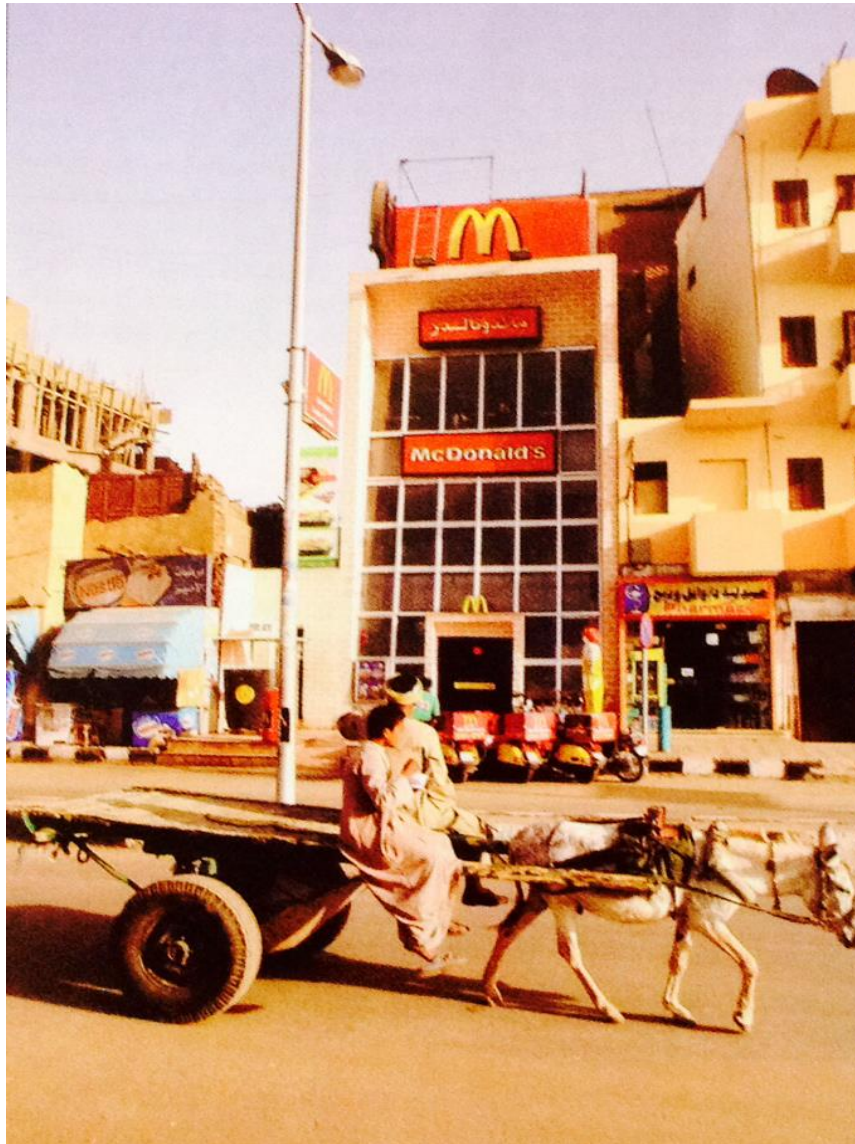
Types of Ownership



The secret of success to the Dressing Room in the United Kingdom is the owner's attention to understanding what her customers want.

Types of Ownership

- Franchising: a contractual agreement in which the franchisor (the company) sells the rights to use its business trademark, service mark, or trade name, or another commercial symbol of the company, to the franchisee for a one-time franchise fee and an ongoing royalty fee typically expressed as a percentage of gross monthly sales.



McDonald's franchises are growing
all over the world



That's All Folks