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good for you*

Chapter Thirteen

Retailing and Wholesaling

Retailing and Wholesaling

Topic Outline

- Retailing
- Retailer Marketing Decisions
- Retailing Trends and Developments
- Wholesaling



Retailing

Retailing includes all the activities in selling products or services directly to final consumers for their personal, non-business use

Retailers are businesses whose sales come primarily from retailing



Table 13.1

Major Store Retailer Types

● TABLE | 13.1 Major Store Retailer Types

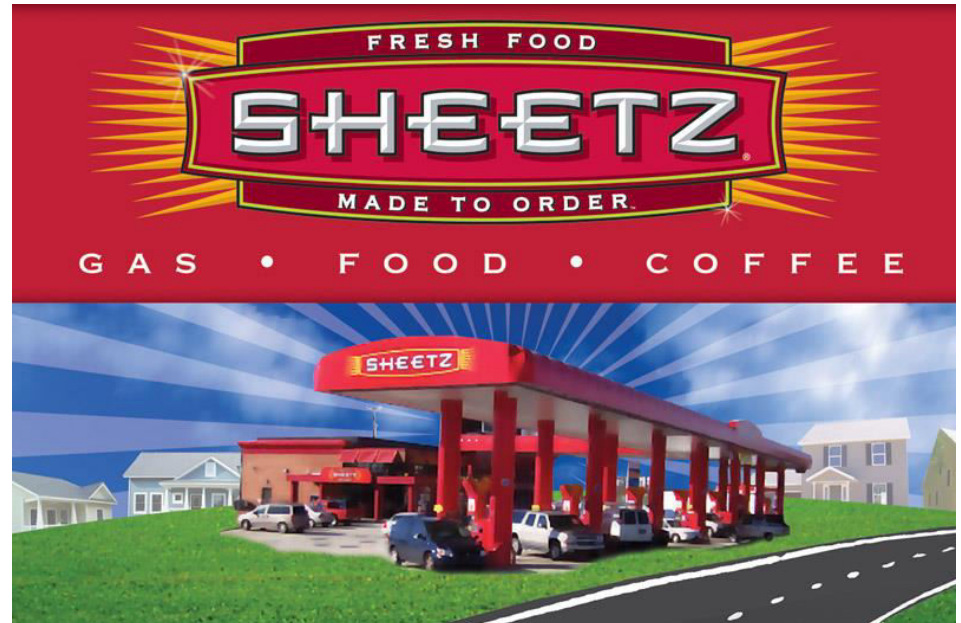
Type	Description	Examples
Specialty stores	Carry a narrow product line with a deep assortment, such as apparel stores, sporting-goods stores, furniture stores, florists, and bookstores. A clothing store would be a <i>single-line</i> store, a men's clothing store would be a <i>limited-line</i> store, and a men's custom-shirt store would be a <i>superspecialty</i> store.	REI, Tiffany, Radio Shack, Williams-Sonoma
Department stores	Carry 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
Supermarkets	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 stores	Relatively small stores 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
Discount stores	Carry standard merchandise sold at lower prices with lower margins and higher volumes.	Wal-Mart, Target, Kohl's
Off-price retailers	Sell 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, BJ's Wholesale Club (warehouse clubs)
Superstores	Very large stores traditionally aimed at meeting consumers' total needs for routinely purchased food and nonfood items. 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.	Wal-Mart Supercenter, SuperTarget, Super Kmart Center, Meijer(discount stores); Best Buy, PetSmart, Staples, Barnes & Noble (category killers)



Retailing

Types of Retailers

- Amount of service
- Self-service
- Limited service
- Full service



Retailing

Product Line

Specialty stores

- Narrow product line with deep assortment

Department stores

- Wide variety of product lines

Convenience stores

- Limited line of high-turnover goods

Superstores

- Non-food goods

Category killers

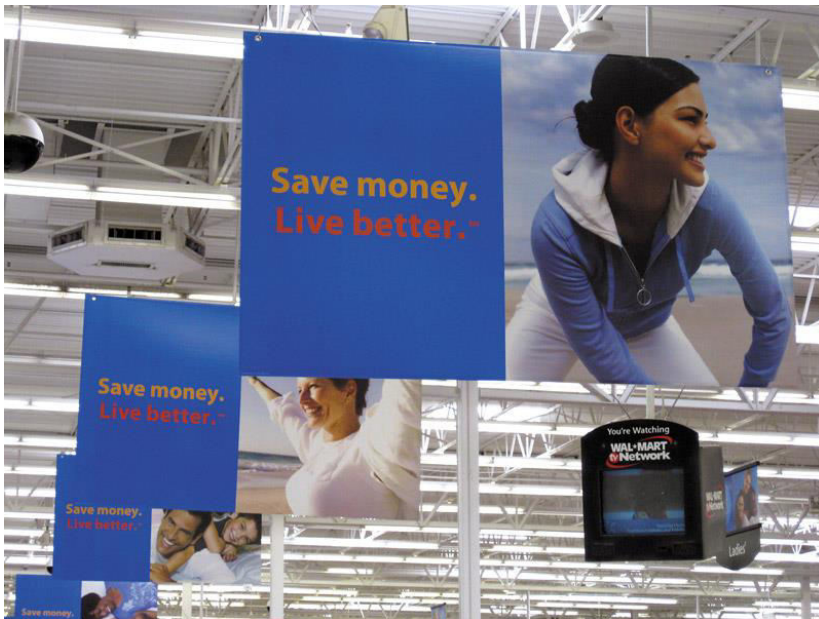
- Deep in category with sales staff



Retailing

Types of Retailers

Relative Prices



Retailing

Types of Retailers

Organizational Approach

Corporate
chains

Voluntary
chains

Retailer
cooperatives

Franchise
organizations

Merchandising
conglomerates



Retailing

Types of Retailers Organizational Approach

- Corporate Chains** are two or more outlets that are commonly owned and controlled
- Size allows them to buy in large quantities at lower prices and gain promotional economies
 - Sears
 - CVS



Retailing

Types of Retailers

Organizational Approach

Voluntary chains are wholesale-sponsored groups of independent retailers that engage in group buying and common merchandising

- IGA
- Western Auto



Retailing

Types of Retailers Organizational Approach

Retailer cooperatives is a group of independent retailers that band together to set up a joint-owned, central wholesale operation and conduct joint merchandising and promotion effort

- Ace Hardware
- Associated Grocers



Retailing

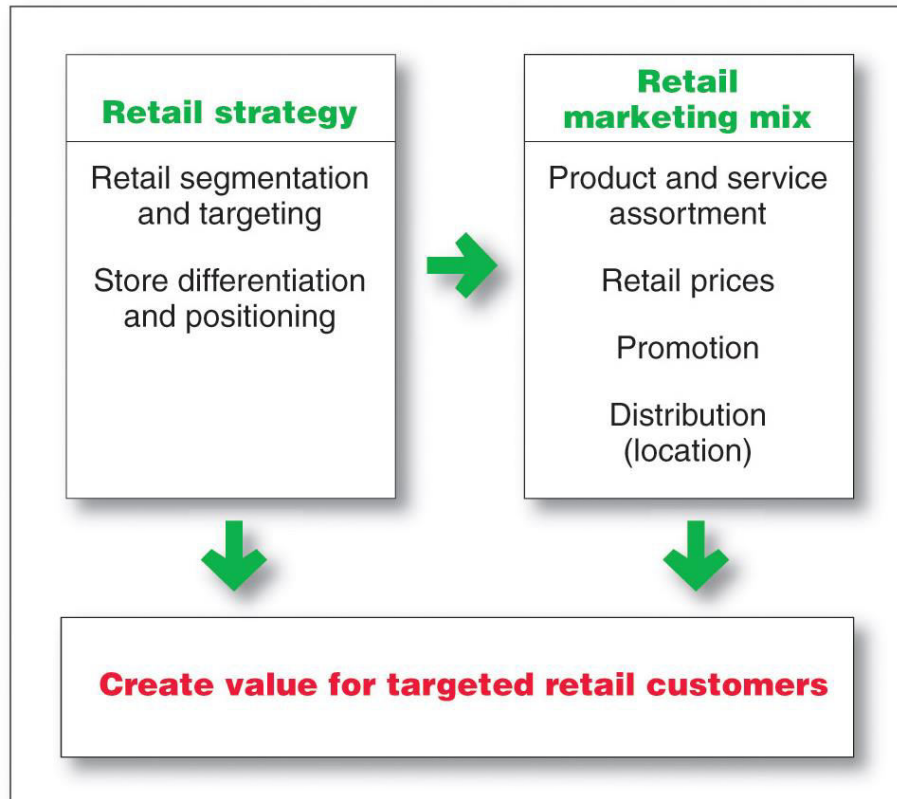
Types of Retailers Organizational Approach

Franchise organizations are based on some unique product or service; on a method of doing business; or on the trade name, good will, or patent that the franchisor has developed



Retailing

Retailer Marketing Decisions



Retailing

Retailer Marketing Decisions



Segmentation targeting, differentiation, and positioning involves the definition and profile of the market so the other retail marketing decisions can be made



Retailing

Retailer Marketing Decisions Product Assortment and Service

Product assortment and service decisions include:

- Product assortment
- Services mix
- Store atmosphere



Retailing

Retailer Marketing Decisions Price Decision

Price policy must fit the target market and positioning, product and service assortment, and competition

- High markup on lower volume
- Low markup on higher volume



Retailing

Retailer Marketing Decisions Price Decision

High-low pricing involves charging higher prices on an everyday basis, coupled with frequent sales and other price promotions

Everyday low price (EDLP) involves charging constant, everyday low prices with few sales or discounts



Retailing

Retailer Marketing Decisions

Promotion Decision

Advertising

Personal
selling

Sales
promotion

Public
relations

Direct
marketing



Retailing

Retailer Marketing Decisions - Place Decision

Central business districts are located in cities and include department and specialty stores, banks, and movie theaters

Shopping center is a group of retail businesses planned, developed, owned, and managed as a unit



Retailing

Retailing Trends and Developments New Retail Forms and Shortening Retail Life Cycles

Wheel-of-retailing concept states that many new types of retailing forms begin as low-margin, low-price, low-status operations, and challenge established retailers. As they succeed they upgrade their facilities and offer more services, increasing their costs and forcing them to increase prices, eventually becoming the retailers they replaced.



Retailing

Retailing Trends and Developments New Retail Forms and Shortening Retail Life Cycles

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Growth of non-store retailing includes:

- Mail order
- Television
- Phone
- Online

The screenshot shows the Macy's website homepage during a promotional period. At the top, the Macy's logo is accompanied by a banner for 'LAST CHANCE FOR FREE SHIPPING' with a \$100 purchase requirement. Navigation links for various product categories are visible. The main content area features a large red banner for the 'JULY 4TH SALE' with 'SAVE 20-75% + VALUES'. Below this, there are links to different product categories like women, men, kids, shoes, for the home, bed & bath, handbags, and jewelry. A 'swim sale' is also advertised. To the right, there's a section for 'SHOP THE SALE IN STORES, TOO!' with a 'find a store' link. Further down, a 'mattress & furniture sale' is promoted with 'NO INTEREST FOR 12 MONTHS'. The bottom of the page features a '150 YEARS' anniversary banner and a grid of links for customer service, credit card, store locations, and careers.



Retailing

Retailing Trends and Developments New Retail Forms and Shortening Retail Life Cycles

Retail convergence involves the merging of consumers, producers, prices, and retailers, creating greater competition for retailers and greater difficulty differentiating offerings



Retailing

The Future of Retailing

New Retail Forms and Shortening Retail Life Cycles

The rise of megaretailers involves the rise of mass merchandisers and specialty superstores, the formation of vertical marketing systems, and a rash of retail mergers and acquisitions

- Superior information systems
- Buying power
- Large selection



Retailing

Retailing Trends and Developments

New Retail Forms and Shortening Retail Life Cycles

Growing importance of retail technology provides better forecasts, inventory control, electronic ordering, transfer of information, scanning, online transaction processing, improved merchandise handling systems, and the ability to connect with customers



Wholesaling

Wholesaling includes all activities involved in selling goods and services to those buying for resale or business use

Selling and promoting

Buying assortment building

Bulk breaking

Warehousing

Transportation

Financing

Risk bearing

Market information

Management services and advice



Wholesaling

Wholesaling

Selling and promoting involves the wholesaler's sales force helping the manufacturer reach many smaller customers at lower cost

Buying assortment building involves the selection of items and building of assortments needed by their customers, saving the customers work



Wholesaling

Wholesaling

Bulk breaking involves the wholesaler buying in larger quantity and breaking into smaller lots for its customers

Warehousing involves the wholesaler holding inventory, reducing its customers' inventory cost and risk



Wholesaling

Wholesaling

Transportation involves the wholesaler providing quick delivery due to its proximity to the buyer

Financing involves the wholesaler providing credit and financing suppliers by ordering earlier and paying on time



Wholesaling

Wholesaling

Risk bearing involves the wholesaler absorbing risk by taking title and bearing the cost of theft, damage, spoilage, and obsolescence

Market information involves the wholesaler providing information to suppliers and customers about competitors, new products, and price developments



Wholesaling

Wholesaling

Management services and advice involves wholesalers helping retailers train their sales clerks, improve store layouts, and set up accounting and inventory control systems



Wholesaling

Types of Wholesalers

Merchant
wholesalers

Agents and
brokers

Manufacturers'
sales branches
and offices



Wholesaling

Types of Wholesalers

Merchant wholesalers is the largest group of wholesalers and include:

- Full-service wholesalers who provide a full set of services
- Limited service wholesalers who provide few services and specialized functions



Wholesaling

Types of Wholesalers

Brokers and agents do not take title, perform a few functions, and specialize by product line or customer type

- Brokers bring buyers and sellers together and assist in negotiations
- Agents represent buyers or sellers



Wholesaling

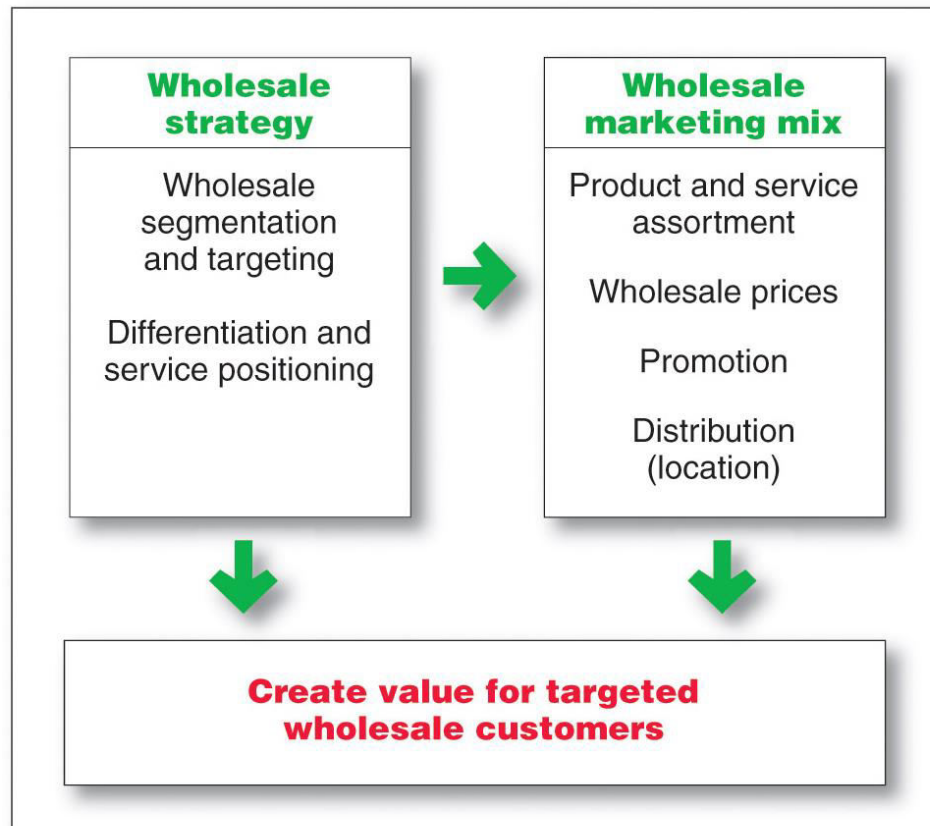
Types of Wholesalers

Manufacturers' sales branches and offices is a form of wholesaling by sellers or buyers themselves rather than through independent wholesalers



Wholesaling

Wholesaler Marketing Decisions



Wholesaling

Wholesaler Marketing Decisions

Target market and positioning decisions

- Size of customer
- Type of customer
- Need for service



Wholesaling

Wholesaler Marketing Decisions

Marketing mix decisions

- Product
- Price
- Promotion
- Place



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Wholesaling

Trends in Wholesaling

Challenges

- Resistance to price increases
- Fewer suppliers
- Changing customer needs
- Adding value by increasing efficiency and effectiveness





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