Introduction to Retailing

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Retailing

- Retailing encompasses the business activities involved in selling goods and services to consumers for their personal, family, or household use. It includes every sale to the final consumer.

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Issues in Retailing

- How can we best serve our customers while earning a fair profit?
- How can we stand out in a highly competitive environment where consumers have so many choices?
- Low consumer confidence and high savings rates have reduced consumer spending. At the same time retail competition has increased through increased format blurring (e.g., sales of cameras at office supply stores, carpeting and major appliances at home improvement centers).
- How can we grow our business while retaining a core of loyal customers?

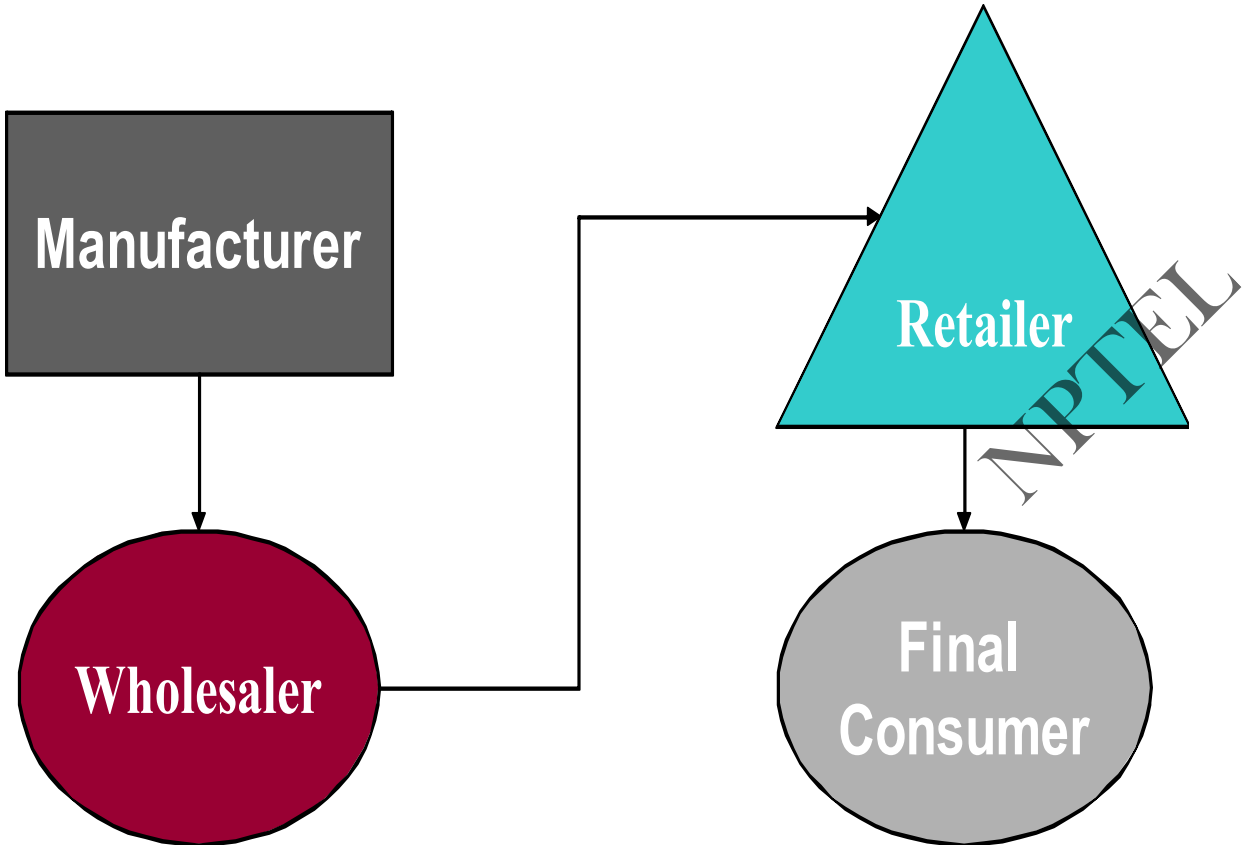
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The 10 Largest Retailers in the United States (2016)

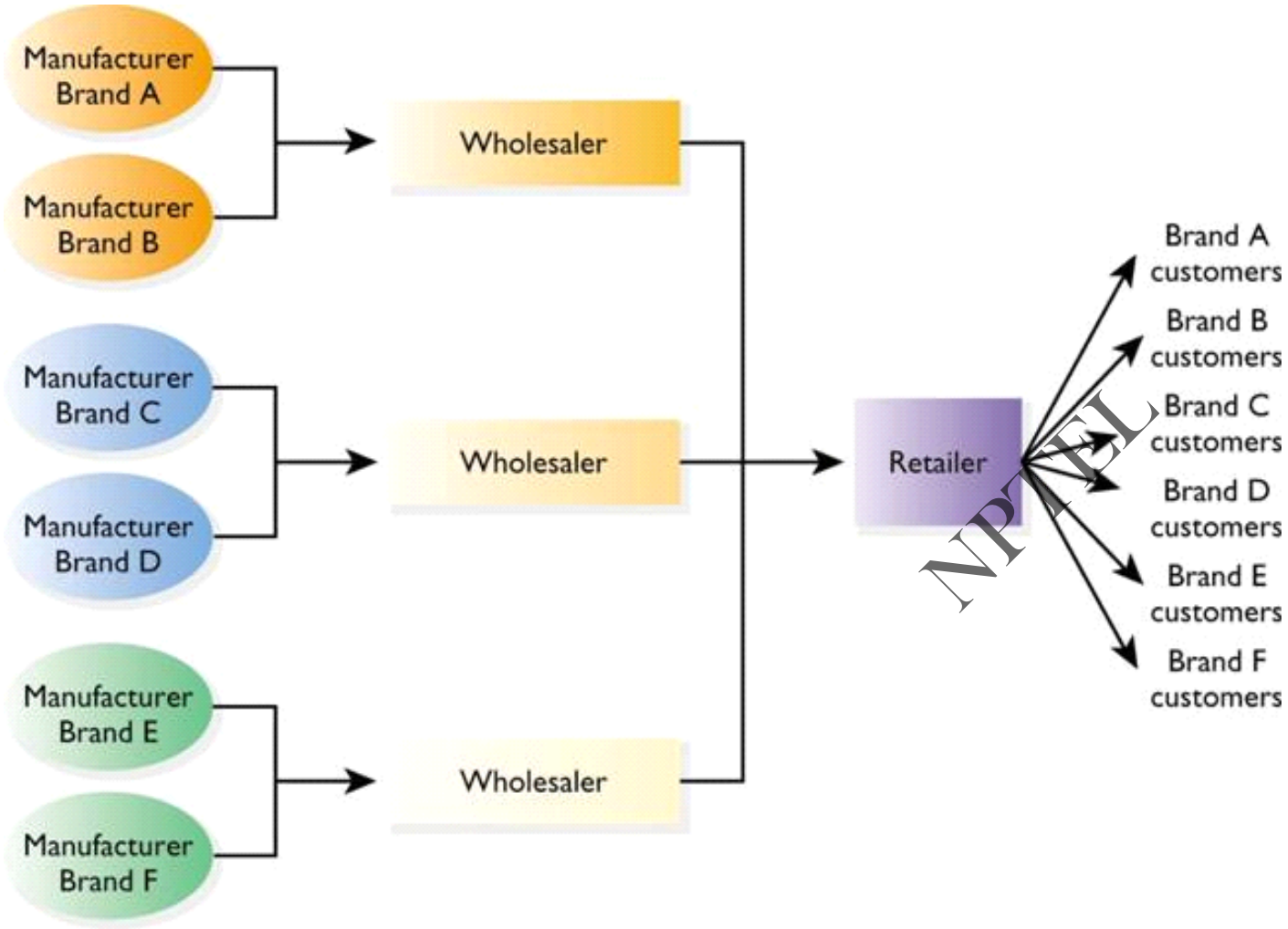
Rank	Company	Main Emphasis
1	Wal-Mart	Full-line discount stores, supercenters, membership clubs
2	Kroger	Supermarkets, convenience stores, jewelry stores
3	Costco	Membership clubs
4	Home Depot	Home centers
5	Walgreen Boots Alliance	Drugstores
6	Target	Full-line discount stores, supercenters
7	CVS Health	Drugstores
8	Amazon.com	Web merchant
9	Albertsons	Supermarkets, drugstores
10	Lowe's	Home centers

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A Typical Channel of Distribution



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Manufacturer Brand A
Manufacturer Brand B
Manufacturer Brand C
Manufacturer Brand D
Manufacturer Brand E
Manufacturer Brand F
Wholesaler
Wholesaler
Wholesaler
Retailer
Brand A customers
Brand B customers
Brand C customers
Brand D customers
Brand E customers
Brand F customers

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Multichannel and Omnichannel Retailing

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Omnichannel Retailing

- A retailer sells to consumers through multiple retail formats:
  - Web sites
  - Physical stores
  - Smartphone apps
  - Social media

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Omnichannel Retailing

- Cross selling across channels (in-store product availability info on Web site)
- Consistent pricing in all channels (credibility)
- Can buy, and return product regardless of channel

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Omnichannel Retailing

- Role of each channel

  Store– try on, ease of return, fast availability (immediacy), compare offerings

  Web– 24/7, product information, product reviews by customers, personalization (tailored assortment based on past purchases), most current pricing, closeout sales

  Catalog-permanency, true color

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