Retailing Management

Who is a Retailer?
- Discount stores
- Dept. stores
- Off-price stores
- Warehouse clubs
- Specialty stores
- Category specialists
- Superstores
- Supermarkets
- Convenience stores
- Banks
- Airlines
- Educational Institutions
- Fitness centers
- Movie theaters
- Video rental stores
- Entertainment parks
- Realtors
- Express delivery services

Why are they Retailers?
- Retailing: all activities involved in the sale of goods and services to the ultimate consumer
- Retailers are a link between a producer and consumer
  - Mfrs./producers can be retailers when selling directly to consumers (ex. Dell, Gateway)
  - MFR → Wholesaler → Retailer → Consumer
  - MFR/Producer (retailer) → Consumer

What Functions do Retailers Perform?
Provide "value" to manufacturers and consumers
For Manufacturers:
- Purchase goods/Prepay
- Receive goods
- Store goods/hold inventory
- Convenient locations
- Break bulk
- Advertise/communicate with customers
For Consumers:
- Price
- Selection
- Service
- Convenience
- Quantities

Power in the Distribution Channel
- How can retailers gain "power" in the distribution channel (relative to mfrs.)?
- How can a manufacturer get strong retailer cooperation?
  - Exclusive vs selective vs intensive distribution
- Why does a manufacturer need retailer cooperation?

Retail Value Chain
- Bundle of benefits retailers provide to consumers
  - Ambience
  - Quality of products
  - Brands offered
  - Discounts/good prices
  - Shipping
  - Location
  - Service
What is the “Total Retail Experience”?  
- customer service, salespeople, displays, inventory, parking, prices, brands, etc.

Expected value  
- Minimum value a customer expects from a certain type of retailer (basic courtesy)

Augmented Value  
- Extras in the value chain that differentiates one retailer from another (and give you a competitive advantage)  
- What might these be?

What might these be?

Why do consumers choose to patronize the following retailers?  
(What value do they offer?)

- Costco/Sam’s vs Big Y vs Stop n Shop
- Walmart vs Target vs Kmart
- Fleet vs Credit Union vs local Savings bank
- Southwest Airlines vs United vs American
- T.J. Maxx vs Filene’s vs Nordstrom
- Jiffy Lube vs car dealership
- Home Depot vs Loew’s vs Rocky’s
- Bertucci’s vs Domino’s vs Antonio’s

Retailing Concept  
- Customer Orientation
- Value-driven
- Coordinated effort
- Goal oriented

Relationship Retailing  
- Seek long-term relationships with customers rather than viewing each sale as a new encounter
- Focus on customer satisfaction over time  
  - Satisfaction happens when a retailer meets or exceeds expectations
- Are all customers equal? Are some worth more to a retailer than others?  
  - “Core Customers”

Service Profit Chain  

Employee Satisfaction  
↓  
Service Value  
↓  
Customer Satisfaction/Loyalty  
↓  
Profits and Growth

Gap Model of Service Quality  

Work to eliminate the following gaps:

- Knowledge Gap  
  - Retailer doesn’t understand what the customer expects (need to listen to the customer and do research)

- Standards Gap  
  - Retailer’s standards for customer service may be lower than customer expectations (listen to customers and employees)
Gap Model (cont.)

- Delivery Gap
  - Actual service given is inferior to retailers standards (train and motivate employees, and put systems in place)

- Communications Gap
  - Retailer isn’t providing the service they promise in promotions (communications need to set up realistic expectations)

Service Recovery

- Turn problems into opportunities
- Listen to customers
- Listen to employees
- Put systems in place