

ELEVENTH EDITION

# MARKETING

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CHAPTER

16

RETAILING  
AND  
WHOLESALE

## ➤ Retailing

## ➤ Consumer Utilities Offered by Retailing

- Place
- Form
- Possession
- Time

CarMax  
Video



## ➤ The Global Economic Impact of Retailing



# CLASSIFYING RETAIL OUTLETS

## FORM OF OWNERSHIP

- **Independent Retailer**
- **Corporate Chain** The Macy's logo, featuring a red five-pointed star followed by the word "macy's" in a lowercase, sans-serif font.
- **Contractual Systems**
  - **Wholesaler-Sponsored Voluntary Chains**
  - **Retailer-Sponsored Cooperatives**

# CLASSIFYING RETAIL OUTLETS

## FORM OF OWNERSHIP

### ➤ Contractual Systems

- Franchising
  - Business-Format Franchises
  - Product-Distribution Franchises



## **FIGURE 16-3** The top five franchises in the United States

<b>Franchise</b>	<b>Type of Business</b>	<b>Total Start-up Cost</b>	<b>Number of Franchises</b>
Subway	Sandwich Restaurant	\$78,600–\$238,300	29,612
McDonald's	Fast-food restaurant	\$950,200–\$1,800,000	25,465
Liberty Tax Service	Tax preparation service	\$53,800–\$66,900	2,579
Sonic Drive-In Restaurants	Fast-food restaurant	\$1,200,000–\$3,200,000	2,768
InterContinental Hotels	Hotel	Variable	3,798

# CLASSIFYING RETAIL OUTLETS

## LEVEL OF SERVICE

### ➤ Self-Service



### ➤ Limited Service



### ➤ Full-Service



# CLASSIFYING RETAIL OUTLETS

## TYPE OF MERCHANDISE LINE

### ➤ Depth of Product Line

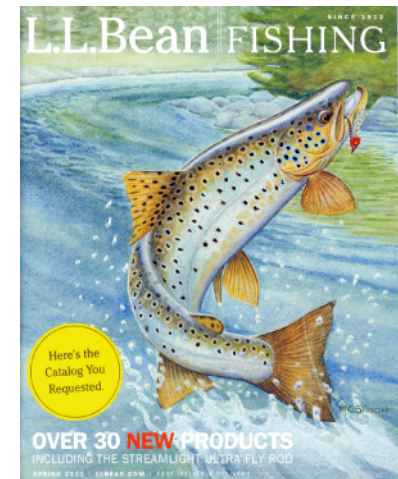
- **Specialty Outlets**
- **Category Killers**



## ➤ Automatic Vending



## ➤ Direct Mail and Catalogs





## ➤ Television Home Shopping



## ➤ Online Retailing



# NONSTORE RETAILING

## ➤ Telemarketing



- Do-Not-Call Registry



## ➤ Direct Selling



MARY KAY®

# RETAILING STRATEGY

## RETAILING MIX

### ➤ Retailing Mix

### ➤ Retail Pricing

- Original Markup
- Maintained Markup
- Gross Margin



### ➤ Markdown



# VIDEO CASE 16

## MALL OF AMERICA: SHOPPING AND A WHOLE LOT MORE



## VIDEO CASE 16

### MALL OF AMERICA

1. Why has Mall of America been such a marketing success so far?

## VIDEO CASE 16

### MALL OF AMERICA

2. What (a) retail and (b) consumer trends have occurred since Mall of America was opened in 1992 that it should consider when making future plans?

## VIDEO CASE 16

### MALL OF AMERICA

3. (a) What criteria should Mall of America use in adding new facilities to its complex?
- (b) Evaluate (i) retail stores, (ii) entertainment offerings, and (iii) hotels on these criteria.

## VIDEO CASE 16

### MALL OF AMERICA

4. What specific marketing actions would you propose that Mall of America managers take to ensure its continuing success in attracting visitors (*a*) from the local metropolitan area and (*b*) from outside of it?



# Retailing

**Retailing** consists of all activities involved in selling, renting, and providing products and services to ultimate consumers for personal, family, or household use.



# Form of Ownership

**Form of ownership** distinguishes retail outlets based on whether independent retailers, corporate chains, or contractual systems own the outlet.



# Level of Service

**Level of service** is the degree of service provided to the customer from three types of retailers: self-, limited-, and full-service.



# Merchandise Line

**A merchandise line** describes how many different types of products a store carries and in what assortment.



# Depth of Product Line

**Depth of product line** means that the store carries a large assortment of each product item.



# Breadth of Product Line

**Breadth of product line**  
describes the variety of different  
product items a store carries.



# Scrambled Merchandising

**Scrambled merchandising** consists of offering several unrelated product lines in a single store.



# Hypermarket

A **hypermarket** is a form of scrambled merchandising, which consists of a large store (more than 200,000 square feet) that offers consumers everything in a single outlet, eliminating the need for consumers to shop at more than one location.





# Intertype Competition

**Intertype competition** consists of competition between very dissimilar types of retail outlets that results from a scrambled merchandising policy.



# Telemarketing

**Telemarketing** consists of using the telephone to interact with and sell directly to consumers.



# Retail Positioning Matrix

The **retail positioning matrix** is a matrix that positions retail outlets on two dimensions: breadth of product line and value added, such as location, product reliability, or prestige.



# Retailing Mix

The **retailing mix** consists of the activities related to managing the store and the merchandise in the store, which includes retail pricing, store location, retail communication, and merchandise.



# Off-Price Retailing

**Off-price retailing** consists of selling brand-name merchandise at lower than regular prices.



# Central Business District

**A central business district is the oldest retail setting, usually located in the community's downtown area.**



# Regional Shopping Centers

**Regional shopping centers** consist of 50 to 150 stores that typically attract customers who live or work within a 5- to 10-mile range, often containing two or three anchor stores.



# Community Shopping Center

A **community shopping center** is a retail location that typically has one primary store (usually a department store branch) and often 20 to 40 smaller outlets, serving a population of consumers who are within a 10- to 20-minute drive.





# Strip Mall

A **strip mall** consists of a cluster of neighborhood stores to serve people who are within a 5- to 10-minute drive.



# Power Center

A **power center** is a huge shopping strip with multiple anchor (or national) stores.



# Shopper Marketing

**Shopper marketing** is the use of displays, coupons, product samples, and other brand communications to influence shopping behavior in a store.



# Category Management

**Category management** is an approach to managing the assortment of merchandise in which a manager is assigned the responsibility for selecting all products that consumers in a market segment might view as substitutes for each other, with the objective of maximizing sales and profits in the category.



# Wheel of Retailing

The **wheel of retailing** is a concept that describes how new forms of retail outlets enter the market.



# Retail Life Cycle

The **retail life cycle** is the process of growth and decline that retail outlets, like products, experience. It consists of the early growth, accelerated development, maturity, and decline stages.



# Multichannel Retailers

**Multichannel retailers** are retailers that utilize and integrate a combination of traditional store formats and nonstore formats such as catalogs, television home shopping, and online retailing.



# Merchant Wholesalers

**Merchant wholesalers** are independently owned firms that take title to the merchandise they handle.





# Manufacturer's Agents

**Manufacturer's agents** are agents who work for several producers and carry noncompetitive, complementary merchandise in an exclusive territory. Also called *manufacturer's representatives*.



# Brokers

**Brokers** are independent firms or individuals whose principal function is to bring buyers and sellers together to make sales.

