

**UNIVERSITY OF PENNSYLVANIA
THE WHARTON SCHOOL
MARKETING DEPARTMENT
MARKETING 225/793 – RETAILING
FALL 2010**

Steve Hoch
Marketing Department (room 769)
Wharton School
email: hochs@wharton.upenn.edu
Telephone: (215) 898-0233
Office Hours: by appointment

OVERVIEW

This course provides an interdisciplinary overview of the retailing industry. Retailing represents a significant portion of the U.S. and world economies – in the United States alone, retailers employ over 23 million people and exceed \$4.1 trillion in annual sales. Over the past thirty years, few industries have undergone the level of change that retailing has. By anticipating and reacting to changes in consumer shopping behavior, competitive economics and technological innovation, ‘upstart’ retailers such as Wal-Mart and Kohl’s sit at the top of their industries, while former ‘icons’ of retail’s past are relegated to history books and nostalgia items on eBay.

The primary focus of this course will be on the customer-facing activities of retailers, including assortment planning, private-label development, the management of in-store operations, and pricing and promotion. In addition, we will explore current issues facing retailers, such as customer relationship management, industry consolidation, supplier relations, and customer buying behavior. We will also survey topics in finance, operations, information technology, and real estate as they relate to retailing. We will consider all retailing formats including: department stores, mass merchandisers, dollar stores, specialty retailers of all sorts, online and bricks and mortar, grocery stores, and category killers in home improvement, office supplies, and electronics.

Upon completion of the course, you should be able to:

- appreciate the complexities of operating a retail business;
- understand the challenges retailers face in striking a balance between generating profits and pleasing customers, and
- explain what factors are involved with offering the right product, in the right quantities, in the right place, at the right time, at the right price, with the right service.

The course is relevant for students interested in working for retailers or retail-affiliated businesses (e.g., wholesalers or manufacturers), and retail-related functions (e.g., advertising or third-party logistics providers). The topics we will cover provide a firm foundation in many facets of retailing, including merchandising, pricing, logistics and site selection. To complement and expand upon these topics, students interested in pursuing further work in retailing should take OPIM 697 – Retail Supply Chain Management.

COURSE MATERIALS

Coursework consists of reading and case preparation, active participation in class discussion, six short written assignments, and a take-home final exam.

- **Custom Text:** Selected chapters from the leading text Retailing Management, Michael Levy and Barton Weitz, 7th Edition, Irwin/McGraw Hill. Also includes 3 case studies.
- **Academic and Trade Articles:** PDF's of selected academic and trade articles are posted on Webcafe.

Each class session will have required readings, including book chapters, academic journal articles, and newspaper/ magazine articles that provide additional background and context for that session's topic. For those students interested in keeping up-to-date on current events in the industry (that should be all of you), I recommend these resources:

- Wharton's Jay H. Baker Retailing Initiative maintains a list of links to online industry trade journals at <http://bakerretail.wharton.upenn.edu/links.html>
- Retail Forward, an industry consultancy, provides various retail newsletters via email. The daily "all retailing" newsletter is very comprehensive; you can enroll for free at: http://www.retailforward.com/freeContent/newsletters/sign_up.asp
- Women's Wear Daily (WWD), a trade publication covering apparel and fashion, also offers a daily email newsletter at www.wwd.com.
- FMI (Food Marketing Institute) and NRF (National Retail Federation) websites.

GRADING

Grading will be based on three components:

- | | |
|---------------------------------------|---|
| 1) Class Participation (15%) | Class participation is based on the quality of your comments, rather than the quantity of comments during class sessions. |
| 2) Five Short Assignments (40% total) | The short assignments are listed below. Further details of each will be discussed in class and posted on Webcafe. |
| 3) Final Exam (45%) | Take-Home: the 2 hour exam will be available for download on webcafe. You can take the exam during any contiguous 2 hour period between 9am 4/26 and 9 am 4/27. |

The 5 short assignments represent will be graded on a 1 (lowest) to 10 (highest) scale. Assignments can be done solo or in groups of two.

	DUE DATE
1) Retail Site Location (write-up=10%)	11/4
2) Competitive assortment analysis (write-up=10%)	11/11
3) HEB Own Brands (1 page case analysis=5%)	11/18
4) Free turkeys (write-up=10%)	11/30
5) Tesco (1 page case analysis= 5%)	12/2

OUTLINE OF CLASS SESSIONS			
CLASS	DATE	TOPICS	READINGS AND DELIVERABLES
1	10/28	<ul style="list-style-type: none"> • Industry overview • Department stores • WalMart 	<ul style="list-style-type: none"> ▪ Ch. 2 Types of retailers ▪ Ch. 3 Multichannel retailing ▪ My Macy's (webcafe) ▪ WalMart 15th annual analysis (webcafe)
2	11/2	<ul style="list-style-type: none"> • Retail math • Retail positioning 	<ul style="list-style-type: none"> ▪ Ch. 6 Financial strategy ▪ Ch. 7 Retail locations ▪ Ch. 8 Retail site location
3	11/4	<ul style="list-style-type: none"> • Retail Branding 	<ul style="list-style-type: none"> ▪ Ch 17 Managing the Store ▪ Prepare Gap Inc case ▪ Ralph Lauren (webcafe) ▪ Luxe Retailers (webcafe) ▪ MS BB Apple (webcafe) ▪ <i>Retail Site Location due</i>
4	11/9	<ul style="list-style-type: none"> • Merchandising • Assortment planning • Space management 	<ul style="list-style-type: none"> ▪ Ch. 12 Managing merchandise assortments ▪ Ch. 13 Merchandise planning systems ▪ Ch. 14 Buying merchandise ▪ Shelf Management and Space Elasticity (webcafe)
5	11/11	<ul style="list-style-type: none"> • Shopping behavior 	<ul style="list-style-type: none"> ▪ Ch 18 Store Layout, Design, and Visual Merchandising ▪ Cherry Picking (webcafe) ▪ <i>Competitive Assortment analysis due</i>
6	11/16	<ul style="list-style-type: none"> • Retail pricing policy • In-store promotion 	<ul style="list-style-type: none"> ▪ Ch. 15 Retail pricing ▪ EDLP, Hi-Lo, and Margin Arithmetic (webcafe)
7	11/18	<ul style="list-style-type: none"> • Private Label 	<ul style="list-style-type: none"> ▪ How Should National Brands Think about Private Label (webcafe) ▪ PL ad age (webcafe) ▪ <i>HEB Own Brands case (1 page write-up due)</i>
8	11/23	<ul style="list-style-type: none"> • Retail Loyalty Programs 	<ul style="list-style-type: none"> ▪ Developing an Effective Loyalty Program (webcafe)
No class	11/25	<ul style="list-style-type: none"> • Thanksgiving 	
9	11/30	<ul style="list-style-type: none"> • Global Retailing: India, China, Brazil 	<ul style="list-style-type: none"> ▪ Carrefour China case (webcafe) ▪ Limited Brands Int'l Expansion (webcafe) ▪ <i>Free turkey analysis due</i>
10	12/2	<ul style="list-style-type: none"> • Customer service • Customer satisfaction 	<ul style="list-style-type: none"> ▪ Ch. 19 Customer service ▪ Discount Brands at Tesco (webcafe) ▪ <i>Tesco case (1 page write-up due)</i>
11	12/7	<ul style="list-style-type: none"> • Specialty Retailing • Steven Silverstein, CEO Spencer's, Spirit Halloween 	<ul style="list-style-type: none"> ▪ Start reviewing for the final exam
12	12/9	<ul style="list-style-type: none"> • Take-Home Final Exam 	You can take the exam anytime between 9am 12/9 and 9am 12/10