

**Managing Retailing,  
Wholesaling, and Logistics**

*Marketing Management, 13<sup>th</sup> ed*

# Chapter Questions

- What major types of marketing intermediaries occupy this sector?
- What marketing decisions do these marketing intermediaries make?
- What are the major trends with marketing intermediaries?

# ZARA Places Retail Stores in High-End, High Traffic Areas



# What is Retailing?

**Retailing** includes all the activities involved in selling goods or services directly to final consumers for personal, nonbusiness use.

# Table 16.1 Major Retailer Types

- Specialty store
- Department store
- Supermarket
- Convenience store
- Discount store
- Off-price retailer
- Superstore
- Catalog showroom

# Levels of Retail Service

Self-service

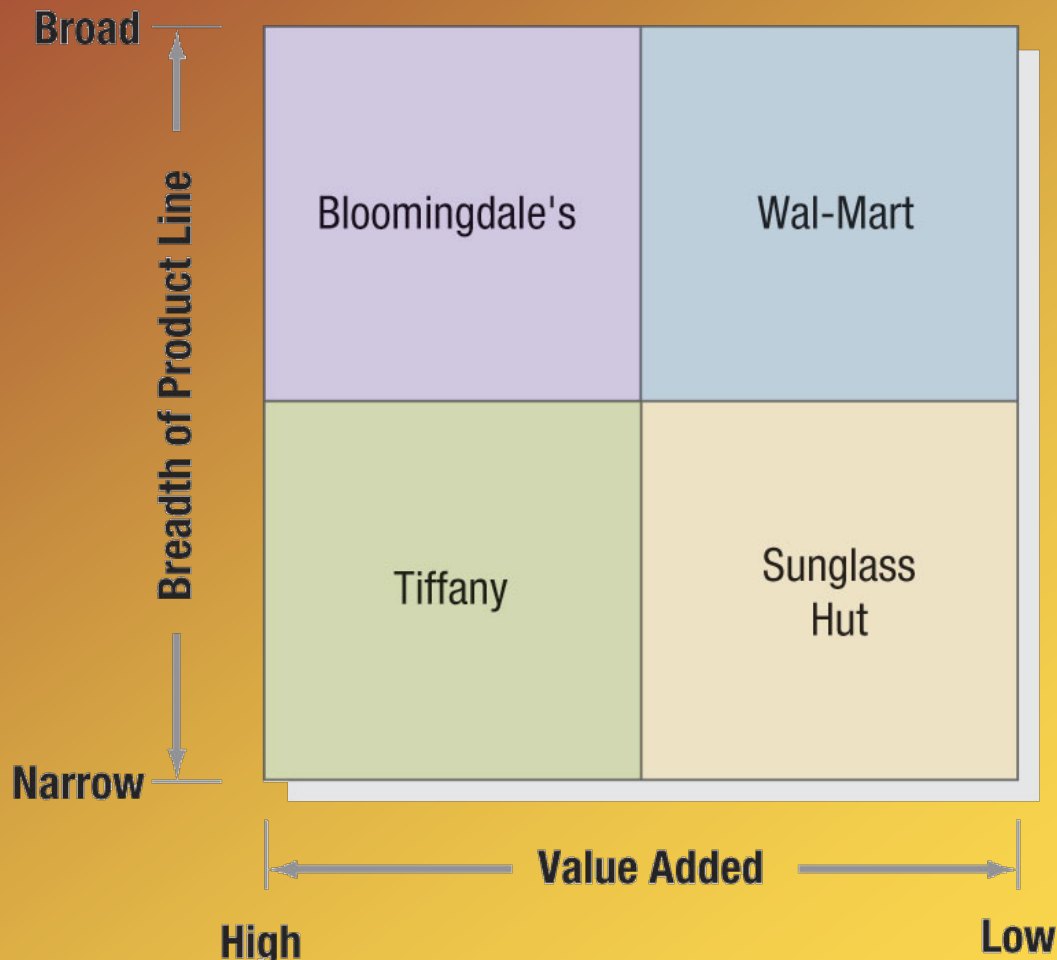
Self-selection

Limited service

Full service



# Figure 16.1 Retail Positioning Map



# Nonstore Retailing





## **Table 16.2 Major Types of Corporate Retail Organizations**


- Corporate chain store
- Voluntary chain
- Retailer cooperative
- Consumer cooperative
- Franchise organization
- Merchandising conglomerate

# Corporate Retailing




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# What is a Franchising System?

A **franchising system** is a system of individual franchisees, a tightly knit group of enterprises whose systematic operations are planned, directed, and controlled by the operation's franchisor.

# Characteristics of Franchises

- The franchisor owns a trade or service mark and licenses it to franchisees in return for royalty payments
- The franchisee pays for the right to be part of the system
- The franchisor provides its franchisees with a system for doing business

# Quiznos is a Franchising System



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# Changes in the Retail Environment

- New retail forms and combinations
- Growth of intertype competition
- Competition between store-based and non-store-based retailing
- Growth of giant retailers
- Decline of middle market retailers
- Growing investment in technology
- Global profile of major retailers

# New Retail Forms and Combinations

- Combination retailers
- Pop-ups
- Showcase stores



# Retailers' Marketing Decisions



Target market

Product assortment

Procurement

Prices

Services



# Retailers' Marketing Decisions (cont.)



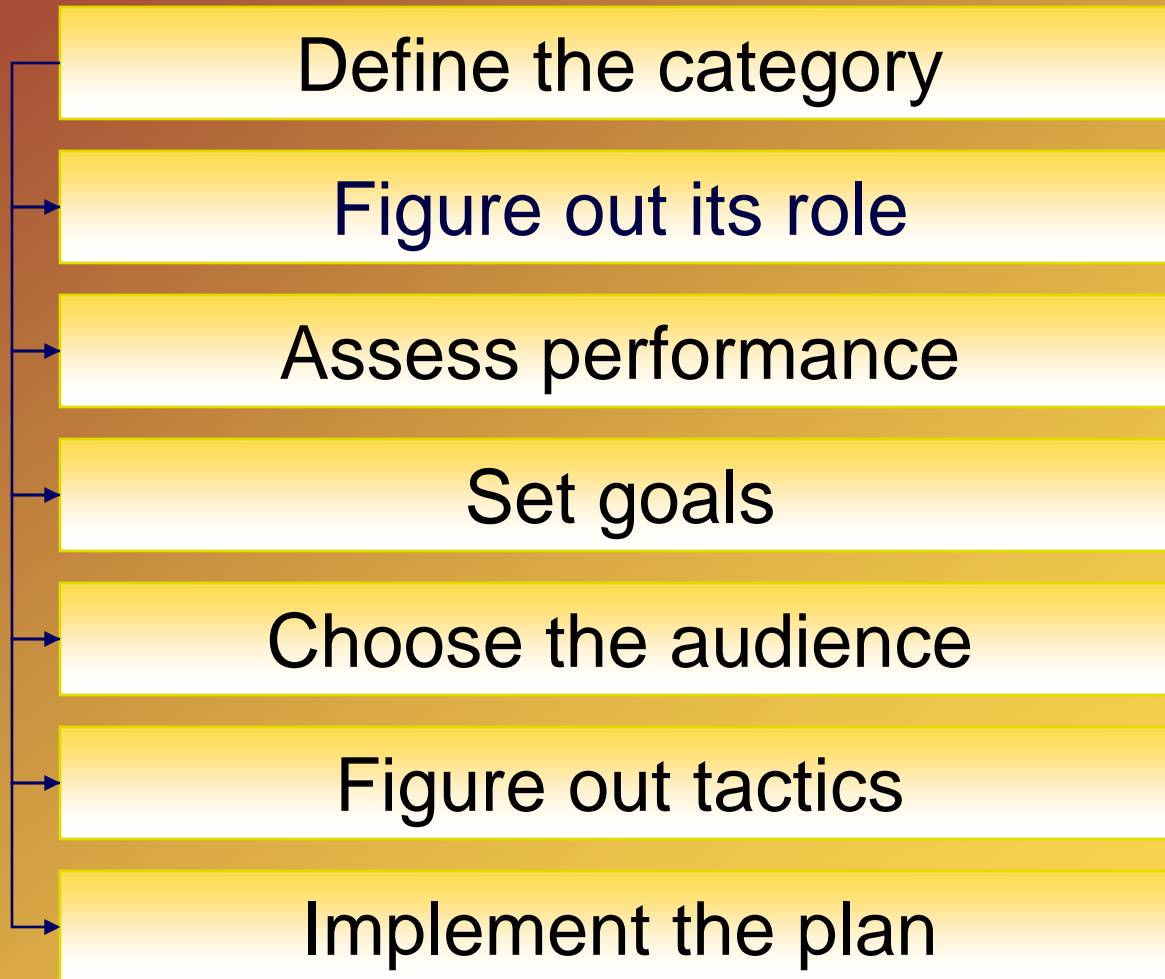
Store atmosphere

Store activities

Communications

Locations

# Retail Category Management



# Direct Product Profitability



## TRADER JOE'S

YOUR NEIGHBORHOOD GROCERY STORE

HOME TRADER WHO? PRODUCTS LOCATIONS FAQs JOBS CONTACT US

### Aloha!

**WELCOME TO TRADER JOE'S,**  
your neighborhood grocery store. A quick trip through our island paradise - um, website - will tell you a little bit about who we are, how we do business and, most importantly, [where to find the Trader Joe's](#) in your neighborhood. 'Cause that's where the value, adventure and tasty treasures are discovered, every day. Thanks for stopping by.



No advance ordering,  
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TRADER JOE'S  
LABELS & LISTS

# Retailer Services Mix



Prepurchase services

Postpurchase services

Ancillary services



# Store Atmosphere

- Walls
- Lighting
- Signage
- Product placement
- Floors
- Surface space
- Music



The Fornarina flagship store features award-winning retail design.

# Tips for Increasing Sales in Retail Space

- Keep shoppers in the store
- Honor the transition zone
- Don't make them hunt
- Make merchandise available to the reach and touch
- Note that men do not ask questions
- Remember women need space
- Make checkout easy

# Location Decision

- Central business districts
- Regional shopping centers
- Community shopping centers
- Shopping strips
- Location within a larger store



# Indicators of Sales Effectiveness



Number of people passing by

% who enter store

% of those who buy

Average amount  
spent per sale



# Private Labels

## Savings: Store Brands

WHAT'S  
NEW

MY KROGER

SPECIAL  
ORDER

SAVINGS

KITCHEN  
HELP

PHARMACY  
& HEALTH

FLOWERS  
& GIFTS

Home

What's New

My Kroger

Special Order

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• Internet Coupons

• **Store Brands**

• School Programs

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# Private Label Brands

- Private labels are ubiquitous
- Consumers accept private labels
- Private-label buyers come from all socioeconomic strata
- Private labels are not a recessionary phenomenon
- Consumer loyalty shifts from manufacturers to retailers

# Wholesaling Functions

- Selling and promoting
- Buying and assortment building
- Bulk breaking
- Warehousing
- Transportation
- Financing
- Risk bearing
- Market information
- Management services and counseling

# Major Wholesaler Types

Merchant

Full-service

Limited-service

Brokers and agents

Manufacturers

Specialized

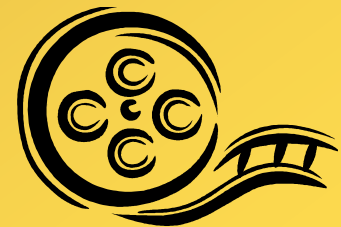


# Market Logistics Planning

- Deciding on the company's value proposition to its customers
- Deciding on the best channel design and network strategy
- Developing operational excellence
- Implementing the solution

# What are Integrated Logistics Systems?

An **integrated logistics system** (ILS) includes materials management, material flow systems, and physical distribution, aided by information technology.



# Market Logistics

- Sales forecasting
- Distribution scheduling
- Production plans
- Finished-goods inventory decisions
- Packaging
- In-plant warehousing
- Shipping-room processing
- Outbound transportation
- Field warehousing
- Customer delivery and servicing



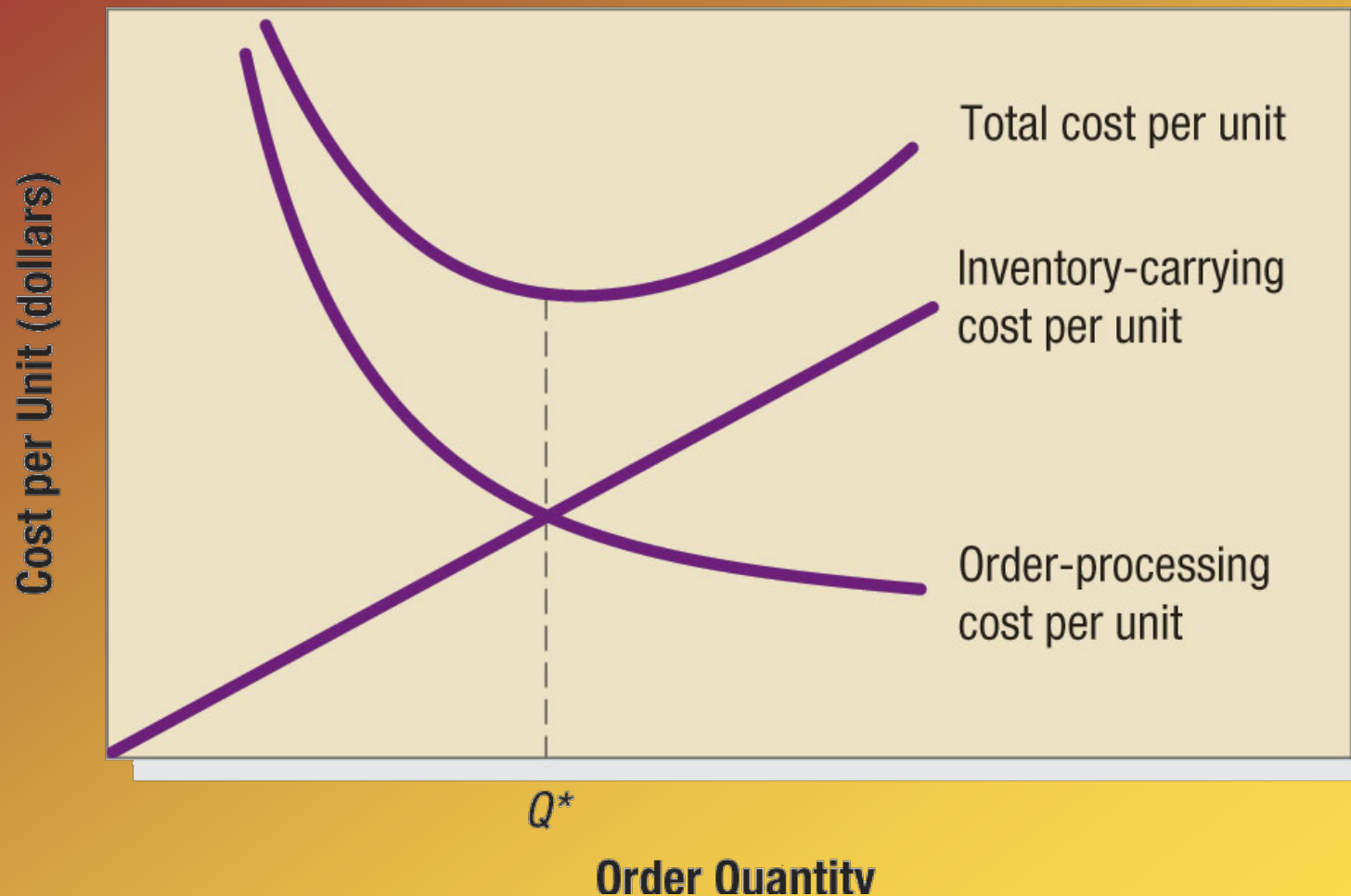
# Market Logistics Decisions



- How should orders be handled?
- Where should stock be located?
- How much stock should be held?
- How should goods be shipped?



## Figure 16.2 Determining Optimal Order Quantity



# Transportation Factors



- Speed
- Frequency
- Dependability
- Capability
- Availability
- Traceability
- Cost

# Containerization



# Marketing Debate

✓ Should national brand manufacturers also supply private label brands?

Take a position:

1. Manufacturers should feel free to sell private labels as a source of revenue.

*or*

2. National manufacturers should never get involved with private labels.

# Marketing Discussion

- ✓ Think of your favorite stores.
- ✓ What do they do that encourages your loyalty?
- ✓ What do you like about the in-store experience?