

University of Southern California
Marshall School of Business
MARKETING 599-16559R: RETAIL STRATEGY
Spring 2011 JKP 102 MW 5:00 – 6:20 pm

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COURSE DESCRIPTION

The retail industry is undergoing a period of extraordinary turbulence. Companies that only recently were riding a wave of growth in revenue, profit, and share price have been stunned as their markets have gyrated and consumer buying patterns have altered in unimagined ways. Far from continuing their aggressive expansion plans, many retailers are pulling back—some merely slowing expansion, others contracting, others declaring bankruptcy.

Yet as in past periods of upheaval, there are and will continue to be winners as well as losers. Consumers will always need to buy things for themselves and their families, and there will be space for different retail formats and different value propositions. The retailer's challenge and opportunity will be (as it always has been) to find a meaningful way to add value to products and services for a chosen segment of customers.

This course will explore the following questions:

- What is the role of retailers in the supply chain that brings goods and services to consumers?
- How is the landscape of retailing changing? What trends are emerging?
- Which retail models are winning today? Which are likely to win in the future?
- What are the keys to managing a successful retail operation?
- What will it take for retailers to be profitable?

We will provide frameworks for analysis of retailing, including strategy and functions of a retail firm and dynamics within the retailer's competitive, industry, and macro environments. The emphasis will be on application of knowledge to retail companies, primarily through case analysis, speakers, and student projects.

EDUCATIONAL OBJECTIVES

The objectives of this course are to:

1. Provide students with frameworks for analyzing the retail industry, including in-depth understanding about the industry, its customers, its competitors, and its environments.
2. Familiarize students with the kinds of decisions involved in running a retail firm, and the concepts and principles for making those decisions.
3. Provide students with a foundation for working in retailing or related fields, and give them sufficient understanding of retail careers to evaluate their own suitability for various retail and retail-related career options.

COURSE FORMAT

The course uses readings and lectures (descriptive material, concepts, analytical frameworks) to provide a foundation in retailing. However, our emphasis is *on application* of knowledge and tools. To that end, we will analyze retail cases, discuss current issues, and have speakers from industry who will provide real-world examples in the form of "live cases." Students will have hands-on opportunity for research, analysis, and recommendation through projects requiring primary and secondary research on retail sectors and organizations. There will be one in-class exam and several projects, including a final project.

COURSE MATERIALS

Course Reader: Assigned cases and readings available in a course reader from the University Book Store. (CP)

Additional Readings: Available electronically through the USC electronic reserve system (ARES)

PROFESSOR BLUMENTHAL BIO

Judith Blumenthal has published, taught, and consulted in the areas of strategic management, organizational development, retail and services management, strategic alliances, and corporate governance. She has also served as a senior corporate executive. She is currently on the Board of Directors of Guess? Inc. , the Board of Directors of the California Council on Economic Education, and the Advisory Board of USC Radio. She has also served on the District Board of Directors of the Council for Advancement and Support of Education (CASE), the Community Advisors for the Natural History Museum of Los Angeles County, and the USC Alumni Association Board of Directors. She served for six years as USC's Associate Vice President for Alumni Relations and Executive Director of the USC Alumni Association, and for four years as Associate Dean and Executive Director of the Marshall School's MBA for Professionals and Managers (MBA.PM) and Executive MBA (EMBA) programs.

EVALUATION

Course grades will be determined by students' relative performance on the following course components:

Class Participation (includes e-Retailing Presentation and sector contributions)	15%
Group Case Brief	5%
Store Format Comparison Project (Group Project)	20%
In Class Examination	25%
Group Research Project	35%
Total	100%

Plus and minus grades will be assigned.

Course Participation: Regular attendance and class participation are critical to successfully completing this course. You are expected to participate actively in each class session. I will consider both quantity and quality of contributions.

Given the importance of class discussion, pre-class preparation is crucial. You should complete all assignments in advance. Be prepared to describe the central ideas and offer your critical analysis of readings and cases. (Please see appendices A-C)

You are expected to prepare for speaker visits by doing research on their companies. This preparation will help you to ask meaningful questions and gain maximum benefit from the opportunity these visits afford. Speaker information will be elaborated over the course of the semester.

You are expected to read the retail business press, seeking articles pertaining to the topics covered in the course, focusing on the sector you have chosen for your final report. As class "experts" on your sector, you are expected to contribute examples and applications regularly. Contributions in class will be enhanced by sharing what you learn from current articles, as well as from assigned reading and individual observation and analysis of retail stores. (Appendix G contains websites where you can sign up for e-mails about the retail industry. Also see posting on BB.)

You are encouraged to prepare for class with your colleagues. However, each member of the class should be fully conversant in the material. If for some reason you are not prepared, please let me know before the start of class to save us both the embarrassment of my calling on you.

Please listen carefully to one another and attempt to build on or constructively critique prior comments. An effective participant:

- Is a good listener
- Is respectful of other class members
- Makes points relevant to the on-going discussion
- Makes comments that add to our understanding of the reading or article
- Is willing to challenge ideas that are being expressed
- Integrates material and draws links between cases, readings, speaker presentations, past classes, other courses, and individual observations.

Class Participation also includes E-Retailing Site Presentation: On the date indicated, teams of 2-3 students will be prepared to demonstrate one or two e-Retailing sites they consider effective and one or two they consider ineffective, using criteria in readings. You should also be prepared discuss the relationship between web presence and other channels (if applicable). Presentations will be about six or seven minutes, depending on the number. (No written report.)

Written Group Case Brief: As part of a five-member group, you will prepare one written case brief (maximum five pages text, double-spaced, plus no more than four appendices). (Please see Appendix D.) *Note:* Appendices may be used only as support for material covered in your report. You are likely to be called upon in class to present some aspects of the case for which you have prepared a written brief.

Case brief will consist of:

- Key issues facing management, including statement of why these issues are important. *These are the issues your recommendations will address.*
- Summary of your analyses, applying marketing concepts and addressing key factors responsible for the issues you have identified..
- Your recommendations management, including why the alternative you recommend is superior to other reasonable alternatives. Your recommendations must follow logically from your analysis! Be sure to include suggestions for implementation.

Do not rehash facts from the case. Refer to Appendix C: Guide for Analyzing Cases.

(See GENERAL COURSE POLICIES for formatting requirements.)

Team Formation for Written Group Case Brief. I will make time available in class for you to form yourselves into teams for this assignment. Each team will then randomly draw a number, which will be your team number corresponding to the case assignments included in the course schedule in this document. The schedule indicates the case for which your team will prepare a written case brief.

Store Category Comparison Project: This is a group project, five students per group. Please see Appendix D for guidelines and Appendix E for details.

In-class Examination: An examination will be given to test your knowledge of course concepts. This exam may consist of multiple choice questions, essays, and /or analysis of an article or case. This exam will be administered in class during a regular class period. Be sure to bring a large format blue book, a pen and a #2 pencil to the exam.

Note: Makeup exams will not be given. A student who misses the exam will be assigned an alternative project, and will automatically be assigned 80% of the score he or she earns on that project as a grade for the missed exam.

Final Retail Sector and Marketing Project: The final group research project is a team project, five students per group. Students will prepare a sector analysis and comprehensive marketing analysis (including recommendations) for a real retail company in the chosen sector. Please see Appendix F. Further information on project will be provided.

Peer Evaluations. Each of you will complete a peer evaluation of the members of your Store Category Comparison Project and Final Retail Marketing Project team. The peer evaluation form is Appendix H of this syllabus. Your peer evaluations, in hard copy form, are due not later than the last day of class before the final exam period. (Electronic copies will not be accepted.) Timeliness and care in completing your peer evaluation will be part of your participation/commitment grade.

GENERAL COURSE POLICIES

Attendance. Class attendance is absolutely essential! All missed classes, tardiness, and early departures result in a loss in class contribution and participation points. The policy on missed classes is to allow each student three (3) absences, no questions asked, no penalty. *ALL* further absences over the limit will reduce the student's participation grade (each absence may reduce up to 10% of your participation grade). Students with an excessive number of absences are at risk of failing the course.

Assignments. All assignments are due at the beginning of the class period. Late reports will be penalized 10 percent for missing the deadline, and 10 percent per date late. Group presentations **MUST** be given on the date assigned in order for credit to be received.

Missed Examinations. Makeup exams will not be given. A student who misses the exam will be assigned an alternative project, and will automatically be assigned 80% of the score he or she earns on that project as a grade for the missed exam.

Formatting of Assignments. All assignments must be typed on plain white 8 ½ x 11” paper in 12-point font with one-inch margins around the page. All assignments must include a cover page with assignment title, course title and number, section number, and for group assignments, each team member’s name with e-mail address. All text material (not tables or references) must be double-spaced. Pages should be numbered in the upper right corner (no page number on first page). Papers should be fastened with a staple in the upper left corner—no folders please. Creative formatting may result in penalty.

Power Point slides must be submitted as hard copy and must include the Power Points notes, containing the comments you make in your oral report. There must be sufficient white space for me to make comments.

Turn off all Communication and Entertainment Devices. Please note that all communication devices such as computers, cell phones, Blackberries, iPhones, Android devices, etc. capable of sending and or receiving electronic communication, and all entertainment devices such as iPods or other MP3 players are to be turned off and kept off throughout the class session. Receiving or sending communication or entertainment during class disrupts the learning environment and is rude to those around you.

Returned Assignments. The Marshall School of Business policy for returning papers is as follows:
Returned paperwork, unclaimed by a student, will be discarded after four weeks and hence, will not be available should a grade appeal be pursued by a student following receipt of his/her course grade.

COURSE COMMUNICATION: BLACKBOARD SYSTEM

I will post the course syllabus and assignment information to the course folder in Blackboard. I will also post additional course lecture notes/materials, further details on assignments, and general course announcements to this folder throughout the semester. You should develop the habit of checking the course folder on a daily basis. You can access Blackboard through the “My Marshall” portal <http://mymarshall.usc.edu> or directly: <https://blackboard.usc.edu>. You will need your UNIX password.

Important:

All e-mails sent to the class originate from the Blackboard system. It is your responsibility to insure that your e-mail address and account settings in Blackboard are correct for you to receive messages.

ACADEMIC INTEGRITY

The following information on academic integrity, dishonesty, and the grading standard are placed here at the recommendation of the Marshall School of Business Faculty and are taken from the Faculty Handbook. Additional statements about academic integrity may be found in SCampus handbook available at the Topping Student Center and online at <http://www.usc.edu/go/scampus>. Further information may be obtained from the Office of Student Judicial Affairs and Community Standards at <http://www.usc.edu/student-affairs/SJACS/index>.

“The University, as an instrument of learning, is predicated on the existence of an environment of integrity. As members of the academic community, faculty, students, and administrative officials share the responsibility for maintaining this environment. Faculty has the primary responsibility for establishing and maintaining an atmosphere and attitude of academic integrity such that the enterprise may flourish in an open and honest way. Students share this responsibility for maintaining standards of academic performance and classroom behavior conducive to the learning process. Administrative officials are responsible for the establishment and maintenance of procedures to support and enforce those academic standards. Thus, the entire University community bears the responsibility for maintaining an environment of integrity and for taking appropriate action to sanction individuals involved in any violation. When there is a clear indication that such individuals are unwilling or unable to support these standards, they should not be allowed to remain in the University.” (Faculty Handbook, 1994: 20)

Academic dishonesty includes: (Faculty Handbook, 1994: 21-22)

1. Examination behavior - any use of external assistance during an examination shall be considered academically dishonest unless expressly permitted by the teacher.
2. Fabrication - any intentional falsification or invention of data or citation in an academic exercise will be considered a violation of academic integrity.
3. Plagiarism - the appropriation and subsequent passing off another’s ideas or words as one’s own. If the words or ideas of another are used, acknowledgment of the original source must be made through recognized referencing practices.
4. Other Types of Academic Dishonesty - submitting a paper written by or obtained from another, using a paper or essay in more than one class without the teacher’s express permission, obtaining a copy of an examination in advance without the knowledge and consent of the teacher, changing academic records outside of normal procedures and/or petitions, using another person to complete homework assignments or take-home exams without the knowledge or consent of the teacher.

The use of unauthorized material, communication with fellow students during an examination, attempting to benefit from the work of another student, and similar behavior that defeats the intent of an examination or other class work is unacceptable to the University. It is often difficult to distinguish between a culpable act and inadvertent behavior resulting from the nervous tensions accompanying examinations. Where a clear violation has occurred, however, the instructor may disqualify the student’s work as unacceptable and assign a failing mark on the paper.

STUDENTS WITH DISABILITIES

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m. – 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.

COURSE SCHEDULE

Cl	D	Date	Topic/Assignment Due	ARES Readings and BB Notes (ARES unless designated BB)	CP Readings and Cases (Cases in Bold Type)	Speakers
RETAIL FUNDAMENTALS: MAPPING THE TERRAIN						
1	M	1/10	Course Introduction The Role of Retailing in the Supply Chain			
2	W	1/12	The Lay of the Land: Types of Retailers, Trends in Retailing		-Segel, Note on the Evolution of Retail in the United States (9-803-017)	
M	1/17	MLK Birthday--Univ. Holiday				
3	W	1/19	An Historical Perspective: The Department Store Industry in the United States	-Johnson, When Strategy Pales: Lessons from the Department Store Industry	Marshall Field and the Rise of the Dept. Store	
4	M	1/24	NO CLASS Research on Multichannel and Multimedia Retailing Preparation for Presentations on e-Retailing sites	-Retail Trade Publications and Websites (BB Websites and Pubs Tab) -Brinkley, What Retailers Know About Us -Collier, How Do Customers Judge Quality...E-tailer? -Lee, Catalogs, Catalogs, Everywhere -Moore, Available Now, Gone in a Flash -Moore, Online Flash Sales and Private Sales (BB Websites and Pubs or Articles Tab) -Ransom, Managing Technology: When the Customer is in the Neighborhood -Zhang et al. Crafting Integrated Multichannel Retailing Strategies.		
5	W	1/26	Review of Multichannel and Multimedia Retailing Student Presentations: e-Retailing sites			
6	M	1/31	Retail Consumer Buying Behavior Form teams for case briefs and projects		-Meyer & Schwager, Understanding Customer Experience -Bonoma, Major Sales: Who Really Does the Buying -Yankelovich & Meer, Rediscovering Market Segmentation	
RETAIL STRATEGY						
7	W	2/2	Retail Financial Strategy Store Category Comparison Proposals Due Sector Preferences Due	-Retail Financial Strategy- Class Notes (BB)		
8	M	2/7	Comparison of Different Strategies and Financial Implications		Diamond Retailing: Blue Nile, Zales, & Tiffany	
9	W	2/9	Retail Market Strategy Repositioning and Revitalization	-Crawford & Mathews, Myth of Excellence	-Farris, The Seven Questions of Marketing Strategy -Steenburgh, Marketing Analysis Toolkit: Situation Analysis Burberry (1)	

10	M	2/14	Brand Positioning and Communication: Store vs. Product Differentiation vs. Low Cost	-Kantar-The Top 20 Most Valuable Global Retail Brands in 2010 (BB-Articles Tab)	Sunripe (2) Aldi (3)	
11	W	2/16	Telling the Story Through Visuals: Store Layout, Design, and Visual Merchandising	-Iyengar et al., A Better Choosing Experience -Strauss, In Store Aisles, Less is More.... -Underhill, Why We Buy		
M	2/21	Presidents' Day—Univ. Holiday				
MERCHANDISING						
12	W	2/23	Merchandise Assortments/Planning/Buying	Class Notes (BB)		
13	M	2/28	Merchandise Pricing	-Cespedes et al., Pricing—Raise Your Prices... -Fishman, Man Who Said No to W-M -Anderson, Mind Your Pricing Cues -Kadet, Price-Point Politics	-Pearce, Note on Communicating Incentives to Buy at Retail	
14	W	3/2	Guest Speaker Place Hold Final Project Proposals Due			TBA
15	M	3/7	Store Category Comparisons Student Presentations			
SOURCES OF COMPETITIVE ADVANTAGE AND SPECIAL TOPICS IN RETAIL						
16	W	3/9	Customer Service and CRM Customer Service as Competitive Advantage	-Berry, Old Pillars of New Retailing -Berry & Seiders, Serving Unfair Customers	-McGovern & Moon, Companies and the Customers Who Hate Them Mitchells/Richards (4)	
3/14-3/19 Spring Recess						
17	M	3/21	Supply Chain as Competitive Advantage	-Ferdows et al, Rapid-Fire Fulfillment	Zara (video only,no prep)	
18	W	3/23	Guest Speaker Place Hold			TBA
19	M	3/28	Luxury Retailing	-Socha, Defining the New Luxury (BB) -Dodes, Tony Retailers Hope Outlets Fuel Sales	Neiman Marcus	
20	W	3/30	Guest Speaker Place Hold			TBA
21	M	4/4	International Retailing		Tesco PLC: Fresh & Easy in the United States (5)	
22	W	4/6	Guest Speaker Place Hold			TBA
23	M	4/11	International Retailing, cont. Unique Positioning		IKEA (6)	
24	W	4/13	In-class Examination			
25	M	4/18	Careers in Retail		Beverly Stern	
26	W	4/20	Guest Speaker Place Hold			TBA
27	M	4/25	Group Final Presentations (All written reports—all groups—are due at the beginning of this class)			
28	W	4/27	Group Final Presentations, cont.			

1. Readings and cases (designated CP) are available in the Course Packet from the USC Bookstore
2. Many readings are available through USC Electronic Reserves (ARES)
3. Additional Notes will be provided on Blackboard (BB)
4. Guest speakers will be an important part of the course. They will be added during the semester, which could cause us to adjust dates for topic discussions.
5. I will add additional readings throughout the semester. These may be available on ARES, BB, or for purchase at the USC Bookstore.

APPENDIX A: READINGS

(Additions will be made during the semester)

- Anderson, E. and Simester, D. "Mind your pricing cues." *Harvard Business Review*. September 2003.
- Berry, L.L. "The Old Pillars of New Retailing." *Harvard Business Review*. April 2001.
- Berry, L.L. and Seiders, K. "Serving unfair customers." *Business Horizons* (2008) 51, 29–37.
- Bonoma, T. (2006) *Major Sales: Who Really Does the Buying?* Harvard Business Review. (R0607P)
- Brinkley, C. Fashion Nation: What Retailers Know About Us; A Peek Inside Stores' Shopping Data Highlights Regional Preferences for Certain Colors and Brands; Victoria's Real Secret, Wall Street Journal (Online). New York, N.Y.: Jul 28, 2010.
- Cespedes, F, E. Ross, and B. Shaprio. Pricing --- Raise Your Prices! Face it: Most companies can't compete on price; And the good news is they don't have to.. *Wall Street Journal*. (Eastern edition). New York, N.Y. May 24, 2010. pg. R.8
- Collier, J.E. and Bienstock, C.C. "How do customers judge quality in an E-tailer." *MIT Sloan Management Review*. Fall 2006 Vol.48 No. 1.
- Crawford, F. and R. Mathews. *The Myth of Excellence*. New York: Crown Publishing Group, Random House. 2001. (Excerpts)
- Dodes, R. Theory & Practice; Tony Retailers Hope Outlets Fuel Sales; Amid Muted Luxury Spending, High-End Chains Seek a Wider Customer Base Without Discounting at Regular Stores. Wall Street Journal (Online). New York, N.Y.: Aug 8, 2010.
- Farris, P. and Parry, M. (2009) *The Seven Questions of Marketing Strategy*. Darden Business Publishing, University of Virginia. (UV2974)
- Ferdows, K, Lewis, M.A. and Machuca, J.A.D. "Rapid-Fire Fulfillment." *Harvard Business Review*. November 2004.
- Fishman, C. "The Man Who Said No To Wal-Mart." *Fast Company*. Boston: Jan/Feb 2006. , Iss. 102; Pg. 66, 6 Pgs. ISSN: 10859241.
- Iyengar, S, and K. Agrawal, A Better Choosing Experience: When consumers are overwhelmed with options, marketers should give them what they really want: ways of shopping that lower the cognitive demands of choosing. *Strategy + Business*, September 27, 2010.
- Johnson, H. and S. Kim (2009). When strategy pales: Lessons from the department store industry. *Business Horizons*, 52, 583-593.
- Kadet, A. Price-Point Politics. Wall Street Journal (Online). New York, N.Y.: Jul 23, 2010.
- Lee, L. "Catalogs, Catalogs, Everywhere." *Business Week*. New York: Dec 4, 2006. , Iss. 4012; Pg. 32. ISSN: 07398395
- McGovern, G. and Y. Moon. (2007). *Companies and the Customers Who Hate Them*. Harvard Business Review.— (R0706E)
- Meyer, C. and A. Schwager (2007) *Understanding Customer Experience*. Harvard Business Review--(R0702G)
- Moore, B. Available now, gone in a flash; Online sites now offer upper-end items at mouth-watering discounts. Click swiftly. Los Angeles Times. Los Angeles, Calif.: Aug 1, 2010.
- Pearce, M. (2005) *Note on Communicating Incentives to Buy at Retail*. Richard Ivey School of Business, University of Western Ontario. (905A10)
- Ransom, D. Managing Technology --- When the Customer Is in the Neighborhood: New tech tools let restaurants know if potential business is around the corner, Wall Street Journal. (Eastern edition). New York, N.Y.: May 17, 2010. pg. R.6
- Socha, M. Defining the New Luxury. WWD, August 4, 2010.
- Segel, A. (2002). *Note on the Evolution of Retail in the United States*. Harvard Business School Publishing. (9-803-017)
- Steenburgh, T. and J. Avery (2010) *Marketing Analysis Toolkit: Situation Analysis*. Harvard Business School Publishing (9-510-079)
- Strauss, M. In store aisles, less is more but customers can still be particular. Globe and Mail Update. May 18, 2010
- Underhill, P. *Why We Buy*. New York: Simon and Schuster. 1999.
- Yankelovich, D. and D. Meer (2006). *Rediscovering Market Segmentation*. Harvard Business Review.—R0602G
- Zhang, J, P. Faris, J. Irvin, T. Kushwaha, T. Steenburgh, & B. Weitz. Crafting Integrated Multichannel Retailing Strategies. *Journal of Interactive Marketing*, 24, (2010) 168-180.

APPENDIX B: GUIDE FOR ANALYZING READINGS

The following set of questions is provided to guide your analysis of the readings assigned this semester.

1. What is the purpose or objective of this article? What is its basic argument/thesis? Its major findings/conclusions?
2. What is the nature of evidence presented in support of the argument/ thesis? (Impressionistic, theoretical, empirical, etc.) Are the conclusions well supported?
3. Are there important assumptions, assertions, or values that the author expects us to accept without support? Are these explicit or implicit?
4. How does this article contribute to your overall understanding of the subject? How does it relate to other articles you have read and to your own knowledge and experience? What problems or concerns are you left with?

APPENDIX C: GUIDE FOR ANALYZING CASES

Purpose

Case analysis helps students to develop the kinds of skills that are essential to success in business organizations: identification and analysis of complex business problems, application of judgment in developing solutions, interactive problem-solving, and persuasive presentation of conclusions.

The Nature of Business Cases

Business cases are detailed descriptions of real company situations in which management is confronted with important issues or problems. Students are required to (1) identify problems or key issues that management needs to address, (2) assemble relevant data, (3) perform appropriate analysis and evaluation, and (4) propose an action plan and a set of recommendations that address the issues identified.

Cases contain a rich variety of data, including company background and performance, environmental forces, and points of view of key decision makers. Not unlike real world situations, cases will not contain all the data you would like. Your challenge is to do the best job you can with the information available.

How to Approach a Case

The following approach to case analysis has proven helpful.

- a. Rapidly read the case to get a sense of layout and a general understanding of background and issues. During this initial reading, try to form preliminary hypotheses. Initial impressions can be revised, but this groundwork will provide structure and direction for more in-depth reading.
- b. Carefully re-read the case, taking notes that sort information, facts, and observations under relevant headings.
- c. Test and refine your hypotheses as you read ("the company loses money on small orders"), modifying or rejecting them as new information surfaces ("Table 2 shows that shipping costs per unit are higher for small orders, but only for long-distance shipments").
- d. Clarify what the key issues/questions/ problems really are. ***These are the issues your recommendations will address.*** (These issues may or may not have been obvious on first reading.)
- e. Develop analysis questions to help illuminate the issues on which action needs to be taken.
- f. Perform qualitative and quantitative analyses, as appropriate. If important data are not available in the case, precise descriptions of what data are missing often trigger ideas for making creative use of the information that is available, or for developing well-informed assumptions about necessary but missing information. Be sure to distinguish between factual data from the case, opinions of actors in the case, and assumptions you make. **REMEMBER:** Your objective is to get beyond the level of problem symptoms to analyze underlying issues and causes.
- g. Identify and evaluate *reasonable* alternative courses of action, based on appropriate criteria. You will explicitly consider and reject various alternatives: Some may not be effective in addressing the issues you identified, others may cause more problems than they solve or cost more than they are worth, others may not be feasible or acceptable to management (solutions should be compatible with the values and preferences of management and those who will implement them). In formulating alternatives, avoid cop-outs such as: "Hire a new president who can solve the problem," "Conduct market research," or "Hire a management consultant to solve the problem."

- h. Decide on a course of action to recommend. *Your solutions must address the issues you have identified and follow logically from your analysis.* Remember: Goals are not recommendations for action. Don't say, "Increase market share," unless you can offer a plan to accomplish it.
- i. Recommend a plan by which the desired action may be achieved or implemented within the constraints encountered in the situation. This is a good final "acid" test. If your solution is not "do-able," it is not a good solution.

Preparation for In-Class Case Discussions

Prepare detailed notes that you will bring with you to class to help guide your interventions in class discussions.

APPENDIX D: GUIDE TO WRITTEN REPORTS AND CLASS PRESENTATIONS

Written Reports

An effective management report is a document which clearly and concisely communicates the information a manager needs to carry out his or her primary function -- decision making. Whether narrative, Power Point, or other visual presentation, your report should be clear and tightly written

All written reports must be carefully edited. Appendices, including tables, charts, diagrams, financial analyses, etc. may be used to support your arguments. Be sure that any appendices are referenced in the body of your report. In the case of group written reports, the "seams" between parts must be invisible, and there must be no redundancy (much less internal contradiction!).

Group Class Presentations

An effective group presentation requires all the work you would do for a written report, PLUS preparation of appropriate visuals, application of business communication skills, and substantial coordination among team members. You must prepare and rehearse in advance to avoid fragmentation or redundancy and create a seamless, effective presentation.

APPENDIX E: STORE COMPARISON PROJECT

Students should form teams of five to work on this project. Each team should then select a broadly defined product category that can be purchased from three different types of retail outlets, then select one retail store to represent each of the different types. The report will compare the way the category is sold from the different retail formats. All three formats must have a "brick and mortar" presence, although they may use multiple-channels.

Also interviews with store or department managers are not essential, they can be extremely beneficial. Try to arrange interviews, if you possibly can.

Some examples of categories and retail types follow, but these are by no means exhaustive.

- Health and beauty aids: compare a drug store, grocery store, and mass merchandiser
- Golf clubs and supplies: compare a pro shop, specialty golf store, and general sporting goods store
- CDs: compare Independent records, Best-buy, and Barnes & Noble
- Soda: compare grocery store, Sam's Club (or Costco if you can get to one), and convenience store
- Home furnishings: compare Macy's, Ethan Allen, and IKEA
- Gardening supplies: compare Lowes or Home Depot, Wal-Mart, and specialty store
- Jeans: compare specialty store, department store, and Wal-Mart
- Pet care: compare PetsMart or Petco, a specialty shop, and a grocery store
- Cosmetics: compare a department store, a drug store, and a grocery store
- Greeting cards: compare a bookstore, a greeting cards store (e.g. Hallmark store), and a drug store

Assignment Detail

Proposal: Students will submit a proposal for approval, stating the names of group members, the merchandise category, and the stores to be analyzed. Due date is listed on course schedule, but submissions will be approved on a first-come first-served basis. If you have a strong preference for a particular category, it would be best to submit early.

Report and PowerPoint Presentation:

Written report: No more than eight pages in length. First page of the report will be an Executive Summary, explaining your key conclusions concerning the similarities and differences—and EFFECTIVENESS—in how this category is handled across the three store formats.

In-Class Presentation: Presentation in class of approximately 10 minutes (we will fine-tune time based on actual numbers), using PowerPoint. Power Point presentation, INCLUDING POWER POINT NOTES, will be handed in with written report. (See GENERAL COURSE POLICIES for formatting requirements.)

What should the report cover?

The report should focus on the differences in the way the category is handled by each of the formats. The report should aim to cover the following areas to the extent that they are observable or can be discovered through interviews:

What's the story being told? What's the point of view?

Category role in the store: What is the role of the category in the store? How important is the category to the overall store in terms of percentage of the total store space and sales; how much space is devoted to the category -- total square feet, linear shelf feet, and as a percent of the total store selling space?

Merchandise Presentation: Where is the merchandise located: How is it displayed? What kinds of fixtures? Other observations?

Assortment: What is breadth of the assortment? How many different brands? How many different products for each brand? How many different SKUs for each product? Which brands are featured? What is the depth of each SKU (how many units are on the shelf)? How much additional inventory is kept in the back room?

New items and discontinued items: How often are new items introduced and older items discontinued? What percent of the SKUs would be considered new in the past year?

Sales velocity: What is their inventory turn of the category? How does that compare with other categories carried by the store? How frequently do units sell (on average, e.g. how many units sell per week of the average SKU)? Which items are the big sellers for the category? How is the amount of shelf space determined for products? Are fast movers given more shelf space than slow movers?

Ordering and deliveries: How often is inventory ordered? How often are deliveries of inventory received by the store? How is inventory received (in case packs, in partial packs), and from where (trace the general supply chain to the manufacturer (e.g., jobber, distribution center, direct store delivery, broker, other wholesaler)), and where does it go once it reaches the store (directly to the shelf, in the backroom, or some of each)?

Seasonality: To what extent does seasonality affect the category? (E.g. Are most of the sales in December?)

Promotions: How much of the category is sold on promotion as opposed to regular price? How are promotions planned and executed?

Pricing: What is the price range of the store (high, average, or low) relative to other store formats? What are the average margins? Does the store work with mark-down allowances? How are the markdowns used?

Personnel and sales staff: What is the average experience level of the personnel? How are the salespeople compensated (salary, commission, combination)?

Multichannel presence: Does the store use other channels (direct marketing and Internet marketing) or does it rely solely on its brick and mortar presence?

Store location and hours: Compare the location in terms of convenience and distance from the target market; compare the store hours. Are the hours or location limiting one of the stores (good vs. poor location)?

Effectiveness: How does each store appear to be doing? Is there strong future for the category in the format, or does it seem like a bleak future?

Finally, your overall conclusions!

APPENDIX F: FINAL GROUP RESEARCH PROJECT

Group Research Project: The group research project is a team exercise. (Groups -- five students -- will normally be the same as for case briefs and category comparison project.) Students are to prepare an analysis of a retail sector and a comprehensive analysis of a real retail company, including recommendations for its future.

Sector selection:

Following is a list of sectors you might consider. You might select broader or narrower sectors, depending on your interests. Most important is to select an area that you find interesting!

Food
 Drug
 Department Store
 Home Improvement
 Discount
 Furniture
 Menswear
 Apparel
 Luxury

Company selection

- *You must select a publicly traded company for which financial data are readily available.* Do not select a retailer that is owned by another company. For example, since Banana Republic is owned by The Gap, you can only get financial information about The Gap and not the divisions it operates such as Banana Republic.

- To allow you to get the information you need, you will need to choose a retailer that focuses on one type of retailing. For example, Abercrombie & Fitch operates just one type of specialty store and thus would be a good choice. In contrast, Wal-mart operates discount stores, warehouse club stores, and supercenters and thus would not be as a good choice.

Some examples of retailers that meet the criteria above are: Whole Foods Market, Ann Taylor, Bebe, Chico's, Finish Line, Foot Locker, Starbucks, CVS, Walgreens, Staples, Office Depot, Borders, American Eagle Outfitter, Abercrombie & Fitch, Tiffany, Zales, Autozone, Pep Boys, Hot Topics, Wet Seal, Best Buy, Michaels, PetsMart, Macy's Department Stores, Dillards, Pier 1 Imports, Home Depot, Lowe's, Bed Bath & Beyond, Mens Warehouse, Kroger, Kohl's, Radio Shack, Safeway, and Target.

- While the company does not have to be locally-based, it should have stores that you will be able to visit.
- I will approve all student projects in writing, and will assign a group and company to any students who do not select one.

Assignment Detail

- Your assignment is to prepare an analysis of the sector and the retail firm. You will conduct an analysis of the sector, identify the retailer's strategy, and compare your focal retailer to its direct competitors in terms of: the retailer's target market and positioning, its retail mix (merchandise variety and assortment, pricing, locations, etc.), and its bases for developing a competitive advantage. Include a financial analysis for the retailer comparing its present to past performance and the performance of competitors. Based on your analysis, make recommendations for your retailer's future strategy. **I would like to meet with all groups as early as possible to discuss your group project. Please make an appointment!**
- *Proposal:* Your group composition and proposal of an organization to study (including its ticker symbol and one paragraph stating why the company interests you) must be turned into me on the date indicated on the schedule. *However, you would be wise to turn it in sooner, as sign-ups will be on a first-come first-serve basis. NOTE: Sector preferences are due earlier to allow you to develop sector expertise over the course of the semester. See Course Schedule.*
- *Final Report:*

Written Report: Your report will consist of a one or two page executive summary, a Power Point report of up to 25 pages WITH POWER POINT NOTES (including exhibits and a bibliography of articles and other sources for information used in making your report). Sources will include 10K reports at www.sec.gov, articles in magazines and newspapers found through library database, company web sites, etc., as well as data discovered through primary research (e.g. interviews with store executives). **You must provide sources for your data.**

The report should contain a comprehensive analysis of the sector and the company, including detail concerning relevant competitors, an in-depth company analysis, and recommendations for top management, with supporting logic. Your report (both sections, combined) should include a cover page (see other course policies), and be fastened with a single staple. All reports are due at the beginning of the first class in which final reports are presented (regardless of when your group presents).

Presentation: All groups will present their reports over two days of class. The exact presentation time and date for each team will be assigned later. Each presentation will last approximately fifteen minutes. The presentation will be graded on a group basis. Clarity and creativity are strongly encouraged in the presentation.

APPENDIX G: SITES TO SIGN UP FOR E-MAILS OF RETAILING

National Retail Federation

http://www.smartbrief.com/nrf/index.jsp?campaign=082010Trial_signupbutton

WWD

www.wwd.com/newsletters

Kantar Retail Forward

http://www.retailforward.com/Newsletter/sign_up_dynamic.asp

APPENDIX H: PEER EVALUATION

Please allocate 100 points across all the members of your team *apart from yourself* to reflect your assessment of their individual contributions to the team effort. I will treat your assessments as confidential.

Course number: _____ Section number: _____

Your name: _____

Group #: _____

Name of Project: _____

Team-member name:	Contribution %:	Comments
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
Total:	100%	

General Comments: _____
