

Week 1 Introduction



Retailing- a set of business activities that sells products and services to customers for their personal use

- Business to customer relationship – not business to business
- All about adding value and distributing goods and services
- To end customer
- Services as well – not just physical product

Retailers enhance value for customers

- Provide an assortment of products and services
- Breaking bulk (end product in large quantities - cost saving measure for manufacturer – added value of retailer is that they break that bulk so customer can purchase singular item) (businesses like Costco don't break bulk)
- Holding inventory (customers cannot hold volume of products)
- Providing services

Manufacturer -> Wholesaler -> Retailer -> Customer

Social & Economic Significance of Retail

- Sales and *distribution of essential products* and services
- Employment
- Wealth distribution
- Social, economic and environmental responsibility

Why retail marketing?

- Marketing tends to understate the power of the retailer – portray as a passive link to the consumer
- Shop marketers – marketing to shoppers rather than marketing to consumers.
- Retail is where the consumer ‘moment of truth’ occurs
- Retailers have taken control of their marketing mix in their stores
- Extremely important to the decision making process
- *Marketing has become retail centric.*

The Power of Retail

- Shift in retail power – linked to;
 - Ability to set shelf prices
 - Development of retailers own brands (house brands- e.g. Coles) beginning to pull equity from manufacturer brands. Consumers aren’t as loyal.
 - Concentration of retail trade and power asymmetry.
 - Access to insight – access to data.
- Combination of...
 - Shifting power dynamic towards retailers
 - Realisation that consumer’s purchase decisions are most often made in the retail environment
 - Retailers taking control of the marketing mix in their stores
- Has resulted in...
 - Increase emphasis on marketing within retailers
 - The birth of a new marketing discipline: shopper marketing
 - Increased emphasis and sophistication of retail analytics

Sophistication of Data

➔➔ Scan Data

- What they bought, how much did it cost etc.

➔➔ Basket Data

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- What was in their basket – not just what they bought but tracking their shopping journey to understand their behaviour.

→→ Loyalty Data

- can start to target individuals - can start to understand the segments.
- Want to combine loyalty and basket data.

Subject Overview

- Rapid evolution driven by
 - Technological advances
 - Consumer trends
 - Global market dynamics
- Retail managers make complex decisions involving; (need agility and diverse capabilities to make these decisions effectively)
 - Marketing strategy
 - Retail channels
 - Customer trends
 - Retail locations
 - Merchandise and services planning
 - Training and motivation staff
 - Pricing, presentation and promotion of merchandise
 - Impact of operations upon people, society and the environment.
- Retail management challenges you to think as customers and retail managers simultaneously to make agile decisions that enhance both the customer experience and competitive edge.

Retail management has a dual focus

- 1. introduce you to the fundamental concepts and principles of retail management
- 2. Explore the frontiers of retailing globally.

Retailing essentials

- 1. Clean environment
- 2. Availability of products
- 3. Pricing consistency
- 4. Customer loyalty – creation of loyalty
- 5. Convenience

Modern Retail

- Rise of the internet
 - Online banking
 - First online store – pizza hut
 - Amazon
 - Launch of iPhone and Apple domination

Future of Retail

- Customer experience
 - Omni-channels
 - Customisation, experimentation & co-creation
 - The personal touch at every touch point
- BIG Data
- Globalisation