

RETAILING

RICHARD H. BUSKIRK

Southern Methodist University

BRUCE D. BUSKIRK

University of South Carolina

TECHNISCHE HOCHSCHULE DARMSTADT	
Fachbereich 1	
<u>Gesamtbibliothek</u>	
<u>Betriebswirtschaftslehre</u>	
Inventar-Nr. :	18.226
Abstell-Nr. :	A 281 961
Sachgebiete:	5.3
	00247849

McGraw-Hill Book Company

New York St. Louis San Francisco Auckland Bogotá Düsseldorf Johannesburg
London Madrid Mexico Montreal New Delhi Panama Paris São Paulo Singapore
Sydney Tokyo Toronto

CONTENTS

Preface

xv

PART ONE AN OVERVIEW

1	The Economics of Retailing	3
	Economic Significance of Retailing	4
	Economic Characteristics of Retail Operations	5
	Overall Strategy	14
	Summary	15
	Questions	16
	Case 1-1	
	The World of Leather: Locating in a Small Artisans Center	16
	Bibliography	18
2	Kinds of Stores	19
	Ways of Classifying Retail Stores	21
	Apparel Stores	24
	Grocery Stores	25
	Jewelry Stores	26
	Some Thumbnail Sketches	28
	Summary	33
	Questions	33
	Case 2-1	
	Willy O'Neil: Bartender or Fishmonger	34
	Bibliography	34
3	Legal Aspects of Retailing	36
	Using a Lawyer	37
	Which Form of Organization?	41
	Employer's Identification Number	45
	State Sales Tax	45
	Licenses	48
	Labor Laws	48
	Contracts	49

v

Leases	51
Zoning and Building Codes	54
Legal Disputes	54
Summary	55
Questions	56
Case 3-1	
Old McDonald Had a Station: Fight or Get Out?	56
Bibliography	57
4 Franchising	58
Definitions	59
What Is Franchising?	60
Why Is Franchising So Popular?	62
Problems Arising from Franchise Relations	65
Some Initial Policy Decisions	67
Summary	71
Questions	71
Case 4-1	
Jerry Gilmore: If the Shoe Fits, . . .	71
Bibliography	73
5 Consumer Behavior	74
Relevant Concepts of Marketing	76
Identification of Consumer Roles	81
Shopping Behavior	83
The Buying Process	86
Buying Habits	91
Buying Motives	92
Summary	99
Questions	99
Case 5-1	
Max and the Kids: Adjusting to Social Change	100
Bibliography	100

PART TWO
THE STORE

6 Store Location	105
Problems in Getting Good Locations	107

Selecting the Community	112
Selecting the Site	118
Anchor Stores	122
Summary	127
Questions	128
Case 6-1	
Amalgamated Department Stores: Shopping Center Policy	128
Bibliography	130
7 The Store Building	132
Role of Store Building	133
To Own or to Rent	137
Existing versus New Structures	138
Building or Remodeling a Store	139
Construction Costs and Contracts	141
Merchandising Considerations versus Building Industry Practices	143
Store Layout	145
Summary	163
Questions	164
Case 7-1	
The Men's Department: Design of Clothing Department	165
Bibliography	165
8 Buying and Selling a Store	166
Buying a Store	167
Selling a Store	173
Some Legal Aspects	177
Bulk Transfers	178
Summary	180
Questions	181
Case 8-1	
The Card Shoppe: Pricing a Store for Sale	181
Bibliography	183

PART THREE
THE MERCHANDISE

9 Planning Inventory-Retail Arithmetic	187
Operating Statement	188
Balance Sheet	193

Markups	194
Stock Turnover	200
Inventory Planning	202
Monthly Planning	204
Open-to-Buy	205
Summary	207
Questions	207
Case 9-1	
The Luggage Rack: Planning Operations	208
Bibliography	209
10 Merchandise Planning	210
Goods Carried	212
Price Lines	214
Brands or Lines	215
Sizes	215
Styles, Designs, Fabrics	216
Number of Units	218
Records and Paper Work	220
Stock-Sales Ratios	220
The Planning Process	222
Summary	227
Questions	228
Case 10-1	
The Lumber Mart: Adding an Appliance Department	229
Case 10-2	
Stitch and Sew: Planning a Fabric Store Operation	230
Bibliography	232
11 Buying the Merchandise	234
The Key Is Value	236
Instore Buying versus Going to Market	236
Going to Market	237
Principles of Buying	240
Unethical Supplier Practices	244
Negotiating Tactics	245
Summary	247
Questions	248
Case 11-1	
The General Store: Incidents in a Buyer's Day	248
Bibliography	250

12 Pricing and Price Policies	251
Price as a Competitive Weapon	253
Price and Store Image	257
Opportunistic Pricing	257
Package Pricing	259
Leader Merchandising	259
Psychological Pricing	260
Price Lining	261
Legal Aspects of Pricing	263
Summary	265
Questions	265
Case 12-1	
The Tennis Set: Price Policy for Clearance Sale	266
Bibliography	267
13 The Physical Handling of Goods	268
The Purchase Order	270
Receiving	271
Marking the Goods	274
Storing the Goods	277
Summary	283
Questions	284
Case 13-1	
Anna Jane's: Inventory Shrinkage	285
Bibliography	286

PART FOUR PROMOTION

14 Salesmanship	289
What Does a Retail Salesperson Do?	291
The Sales Process	294
Substitution	308
Suggestive Selling	309
Debunking Selling Mythology	310
Summary	312
Questions	313
Case 14-1	
The Old Grouch: Reacting to a Sarcastic Customer	313
Bibliography	314

15	Display and Promotion	315
	The Role of Display	318
	Interior Displays	319
	Point-of-Purchase Displays	323
	Floor Displays	323
	Counter Displays	325
	Window Displays	326
	Principles of Display	332
	Store Promotions	339
	Purpose of Promotions	339
	Summary	347
	Questions	347
	Case 15-1	
	The Bon Ton: Evaluating Window Displays	348
	Bibliography	348
16	Advertising	350
	Objectives	352
	Budget	357
	Advertising Media	358
	Media Selection	365
	Creating the Advertisement	370
	Summary	382
	Questions	382
	Case 16-1	
	The Pro Discount Shop: Developing an Advertising Strategy	383
	Bibliography	384

PART FIVE
CONTROL

17	Accounting and Control Systems	389
	Start Out Right	391
	The Purpose of Records	394
	Some Basic Elements of Accounting Systems	396
	Designing an Accounting System for a New Store	397
	Summary	403
	Questions	406

Case 17-1	
The Ice Cream Shoppes: Cash Control	406
Bibliography	408
18 Financial Planning and Control	409
Forecasting	410
Budgeting	415
Cash Flow Sheet	419
Summary	419
Questions	421
Case 18-1	
Colonial House: Budgetary Tactics and Negotiations	421
Bibliography	422
19 Credit	423
Costs of Credit	427
Managing Credit	428
Evaluation of Credit Risks	429
The Billing Procedure	433
Bad Checks	433
Collection Agencies	435
Credit Law	435
Summary	437
Questions	437
Case 19-1	
The Book Nook: Granting Credit to Students	438
Bibliography	439

PART SIX MANAGERIAL PROBLEMS

20 Personnel	443
Scope of Personnel Activities	444
Staffing the Organization	446
Planning the Work Schedule	449
Security	450

Legal Aspects	450
Wage and Salary Administration	453
Evaluation of Performance	455
Training	456
Terminations	458
Union Relations	458
Communications Channel	459
Philosophical Approaches	460
The Concept of Integrating Interests	462
Summary	462
Questions	463
Case 20-1	
Douglas Frazer: Development of Training Program	463
Bibliography	464
21 Careers in Retailing	465
Advantages of Retailing Careers	468
Disadvantages of a Retailing Career	472
Large Organizations versus Small Ones	473
The Road to Success	473
Summary	477
Questions	477
Case 21-1	
Kimberly Ross: Where to Start?	478
Bibliography	478
22 The Management of Growth	479
Growth and the Retailer	480
Dimensions of Growth	482
Managing Growth	485
Alternative Growth Policies	487
Summary	489
Questions	489
Case 22-1	
The Barbara Jean Shops: Management Policy for Unit Store Managers	491
Bibliography	493

23 Future Trends in Retailing	494
Market and Consumer Trends	495
Trends in Distributive Systems	503
Trends in Merchandising Policies	506
Summary	509
Questions	510
Glossary	511
Indexes	551
Name Index	
Subject Index	