

**Eastern Illinois University**  
**Lumpkin College of Business and Applied Sciences**  
**School of Business**

**Retail Management – MAR 3875 – Sections 1 & 2**  
**Fall 2009**

Faculty: Dr. Marko Grünhagen  
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Office Hours: MW 10:00 – 11:30 am, T 4:00 – 5:00 pm

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Class Times: Section 1 MW 2:00 - 3:15 pm Lumpkin Hall 2041  
Section 2 MW 3:30 - 4:45 pm Lumpkin Hall 2041

Required Texts: “Retail Management: A Strategic Approach” by Berman & Evans, 11<sup>th</sup> Ed. (2009) & Assigned Readings

**Catalog Description:**

The objective of the course is to provide a framework for analyzing internal and external environment factors which affect the firm's retailing activities. Emphasis is placed on the firm's decisions and policies relating to demand analysis, spatial decisions, merchandise policies, pricing strategy, and promotion activities. Consideration is also given to retail control methods.

**Prerequisites:**

BUS 3470 and Admission to the School of Business or to a minor offered by the School of Business or permission of the Associate Chair.

**Course Objectives:**

*Upon successful completion of the course, students should be able to:*

***Content Knowledge*<sup>(K)</sup>:**

- Receive a comprehensive understanding of retailing, its functions, vendor and customer relationships, distribution channel functioning, as well as store, service and merchandise management
- Comprehend the application of technology in various aspects of retailing
- Understand the impact of the legal and governmental influences on the retail industry
- Recognize the internationalization of retailing through merchandise and movement to international locations

***Skills Development*<sup>(S)</sup>:**

- Critically analyze the retailing process, the environment in which it operates, and the functions that are performed.
- Demonstrate effective oral and written business communication skills, critical thinking skills, and the ability to work with others
- Develop secondary research skills through library and internet assignments

***Attitude/Values Development*<sup>(A/V)</sup>:**

- Recognize target marketing in a diverse society
- Appreciate the rapid developments in today's retail environment
- Realize the importance of managerial as well as community perspectives to marketing decisions in retailing

## **Course Outline:**

My general premise for this class is that I expect it to become a *mutual* learning experience. What I mean by this is that I want to familiarize *you* with concepts and models in retailing. At the same time, I hope to learn *myself* from your insights and experiences. Retailing is an institutional area of marketing with which each one of us comes in contact every day --- you purchase groceries and clothing, you make phone calls, you buy merchandise from the Home Shopping Network or on the Internet, you go to a restaurant or bar, you buy a can of soda pop at the vending machine, etc. Moreover, some of you might be currently employed or have worked in the past at a retail establishment. I expect you to contribute some of your experiences to this class so that we can learn from each other.

To gain access to a deeper understanding of the issues approached in this class, your own involvement is required -- interacting with retailers, discussion participation, reading the assigned articles/chapters for each class period in advance, etc.

I believe, however, that your enjoyment and learning success in this class rises commensurate with your involvement, and that you will reap the benefits if you are willing to put effort into your work.

## **Requirements**

The following represents a list of all requirements for this class.

3 Exams (@ 50 points each)	= 150 points
3 Individual Assignments (@ 10 points each)	= 30 points
1 Group Presentation ("Comparison Shopping")	= 20 points
2 Group Article Analyses (@ 15 points each)	= 30 points
<b><u>TOTAL</u></b>	<b><u>= 230 points</u></b>

## **Grading**

I will use a standard grading scale for all of the above requirements, and your final grade. The scale is as follows:

207 points and above	A
184 points and above	B
161 points and above	C
138 points and above	D
below 138 points	F

I reserve the right to adjust the final grade distribution as I deem appropriate.

## **Examinations**

The exams will consist of multiple-choice questions, and where appropriate, an essay and/or calculation part. As a general rule, I do not give make-up exams. Only major emergencies justify such an event.

Everything covered in class and in the pertaining class materials (such as text chapters, readings, videos or guest lectures) up to the date of each exam is "fair game". Hence, I would advise that you not only take notes, but that you do so continuously.

**1st Exam – September 30, 2009**

**2nd Exam – October 26, 2009**

**3rd Exam – Section 1: December 16, 2009 (2:45 – 4:45 pm)**

**Section 2: December 17, 2009 (2:45 – 4:45 pm)**

## **Individual Assignments**

Over the course of the semester, there will be three different individual assignments. These assignments may come in the form of a homework assignment to practice your understanding of some of the mathematical tools introduced in the class, a quiz on assigned readings, or similar. They are meant to deepen your understanding and/or practice of class material. In case an assignment is homework, it has to be prepared in a professional manner.

## **Group Presentation - "Comparison Shopping"**

At the beginning of the class, you will be assigned to a group of students to work on this comparison shopping assignment. The purpose of this assignment is to help you (and the rest of the class) to begin thinking about retailing from an objective, strategic, "detached" point of view. Your team will be presenting its findings in a 20-minute presentation, comparing two stores along a number of key dimensions.

The assignment should be conducted on two stores that sell the same classification of merchandise (e.g., Petropics & Petsmart) or two departments within different stores that sell the same classifications of merchandise (e.g., baby apparel at JCPenney's and Wal-Mart), as long as the stores are targeted toward different market segments.

### **Part A:**

When you visit the stores, observe and note their layouts, merchandise presentation, signage, etc. It is important that you spend enough time in the store to get the "feel of it."

### **Part B:**

Talk to at least two sales associates at each store. Decide on a set of at least 5 questions to ask the sales associates at both stores in order to evaluate the quality of service. Decide in advance who will ask the questions and who will be the "observer" of the conversations -- you don't need to be too sneaky about your evaluation of the service, just make sure that one of you pays enough attention to allow you to complete the assignment.

Your presentation should be no longer than 20 minutes, and focus (a) on establishing the (different!) target markets of each store/department, and (b) on the SWOT (**S**trengths, **W**eaknesses, **O**pportunities, **T**hreats) components you discovered. Follow these two rules:

1. Limit your discussion to those variables that differ between the two stores. Be sure to include interesting differences that are likely to impact the firms' strategies. You are encouraged to consult other sources such as corporate literature, trade journals, web sites, etc.
2. Focus on a few key differences and present a thoughtful discussion of these differences and their implications for the retailers' strategies. **DO NOT** go over a long checklist of differences without any thought as to how these differences are instrumental in enabling the firms to achieve their long-term objectives.

You should not only summarize your findings, but also reflect carefully about implications for strategy, competition, consumers, and retailing in general. Feel free to involve the audience by generating a discussion at any point in your presentation, and be creative so as to make your presentation as interesting as possible. Bring handouts for the class of your PowerPoint presentation (6 per page is OK).

***Presentation Dates – Nov. 30, Dec. 2, 7, 9, 2009***

## **Group Article Analyses**

Read the respective articles below on the website provided. Work on these with your group and answer the questions exhaustively. You are encouraged to include any class materials that you deem relevant.

**Article 1 Due Date: November 11, 2009**

The following article, featuring OFFICE MAX, extols the virtues of segmentation and target marketing.

**Chicago Business, January 15, 2009, OFFICE MAX OVERHAULS TO TARGET WOMEN, by Natalie Zmuda (<http://www.chicagobusiness.com/cgi-bin/news.pl?id=32639&seenIt=1>)**

Questions:

1. What are the specific benefits that the proposed segmentation approach provides to OFFICE MAX?
2. How do you evaluate the new strategy? Does it make sense for OFFICE MAX to focus their marketing on women?
3. Do you perceive risks as a consequence of the new approach? Outline what problems the campaign may create, and what the company ought to do to ameliorate those risks.

**Article 2 Due Date: November 30, 2009**

The following article outlines the success story that the German retailer ALDI has enjoyed, globally as well as in the US.

**Business Week, April 26, 2004, Pg. 60-62, THE NEXT WAL-MART? by Jack Ewing ([http://www.businessweek.com/magazine/content/04\\_17/b3880010.htm](http://www.businessweek.com/magazine/content/04_17/b3880010.htm))**

Questions:

1. What makes ALDI so different from conventional retailers in the U.S.? Discuss at least five operational differences. For each of them, explain how they work, and what benefit they provide to ALDI's bottom line. (*Tip: If you are not certain that you can gather the required operational differences from the article, go and check out your local ALDI outlet and/or talk to the manager.*)
2. Obviously, ALDI is not a chain that appeals to everyone in the U.S. (in their home market of Germany, they actually attract a much wider market!). Why not? Explain what reservations or objections American consumers may have.
3. What obstacles to ALDI's future growth in the U.S. do you see?

**Attendance Policy**

Attendance is a must! Only major emergencies justify your absence. Should you miss class for any reason, you are responsible for getting the notes from one of your fellow classmates. [If you like, use the space below to record some names, phone numbers and e-mail addresses should you need to borrow notes!] If you miss class more than three times *for any reason*, I will drop your final grade by a full letter grade. If you miss class more than six times, I will drop your grade by another full letter grade, and so forth. Attendance will be taken at the beginning of each class, so if you are late for any reason, you risk to be counted as absent. The attendance log of each class will be binding.

Name

Phone Number

E-mail

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## **Academic Integrity**

Eastern Illinois University is committed to the learning process and academic integrity that is defined in the Student Conduct Code. To encourage original and authentic written work, any written assignment created in this course may be submitted for review to Turnitin.com and will become a searchable document with the Turnitin-protected and restricted use database.

## **“Fatal Error” Policy**

Business students must practice professional standards in writing. To this end, all written assignments must meet minimal presentation standards to be acceptable. These standards address spelling, punctuation, format and basic grammar. The term “Fatal Errors” refers to technical English errors of form. Specifically they include the following:

1.	Each different word misspelled,
2.	Each sentence fragment,
3.	Each mistake in capitalization,
4.	Each serious error in punctuation that obscures meaning,
5.	Each error in verb tense or subject/verb agreement,
6.	Lack of conformity with assignment format.

If any of the above are of concern in your writing, my strong recommendation for you is to see the Writing Center in 3110 Coleman Hall. Papers with more than three fatal errors on any one page, or more than ten fatal errors in an entire document will be returned to the student(s) with no grade assigned. The student(s) will receive one additional opportunity to turn in the assignment. The final grade maximum obtainable on the second attempt of the assignment will be 70% of the original score on the respective assignment. If the second attempt still contains more than three fatal errors on any one page, or more than ten fatal errors in an entire document, the final score for the assignment will be 0.

## **Missed Deadlines**

Missed deadlines (i.e., failure to turn in assignments during the class day on which they are due) will result in 30% deductions per calendar day missed. After three calendar days past the missed deadline, students are not allowed to submit an assignment any longer.

## **Grading Policy**

I expect high quality work on all your assignments, and I believe this emphasis is reflected in the weight I allocate to each requirement. Academic dishonesty (such as cheating on exams, plagiarism, etc.) will have serious consequences. I will do my best to perform up to your expectations, so I expect you to give your best just as well.

## **Students with Disabilities:**

Appropriate academic support is available for students with a documented disability. Please notify your professor & contact the Office of Disability Services (581-6583) for further information.

## **Emergency Preparedness Plan:**

Instructions about what to do in the event of an emergency are posted in all class rooms on Eastern’s campus. Students and faculty are responsible for acquainting themselves as to the specific instructions so that they will be prepared in the event of an emergency. A student will be designated to keep her/his cell phone on during class to receive emergency messages.

## **Contact Info for Student Services**

Career Services:	581-2412	<a href="http://www.eiu.edu/~careers">www.eiu.edu/~careers</a>
Counseling Center:	581-3413	<a href="http://www.eiu.edu/~counstr">www.eiu.edu/~counstr</a>
Student Success Center:	581-6696	<a href="http://www.eiu.edu/~success">www.eiu.edu/~success</a>

(or Learning Assistance Center [www.eiu.edu/~ltnassist](http://www.eiu.edu/~ltnassist))

## Tentative Schedule

This schedule is tentative and is subject to change by the professor. Any changes will be announced in class.  
Students are responsible for complying with changes announced in class.

8/24	Introduction/Syllabus
8/26	SAM WALTON: BARGAIN BILLIONAIRE (Video) & Discussion
8/31	Retailing: Yesterday, Today & Tomorrow (Ch. 1, 6) <b>Read to prepare:</b> <a href="http://www.businessweek.com/bwdaily/dnflash/content/nov2006/db20061121_706666.htm?chan=search">http://www.businessweek.com/bwdaily/dnflash/content/nov2006/db20061121_706666.htm?chan=search</a>
9/2	NO CLASS (Group Work Day)
9/7	NO CLASS (Labor Day)
9/9	Retailing & Distribution Channels (Ch. 1, 2)
9/14	Retailing & Distribution Channels (Ch. 1, 2)
9/16	"Becoming a Wal-Mart Supplier" <i>Guest Speaker: Joseph Trover, President LANDSHIRE, Inc.</i> <b>Read to prepare:</b> <a href="http://www.inc.com/magazine/20031101/walmart.html">http://www.inc.com/magazine/20031101/walmart.html</a>
9/21	Retail Store Location (Ch. 9, 10) <b>I will provide you with a copy of the following article - Read to prepare:</b> "Synthetic Leases: Red Flags in Retailing" by Jack G. Kaikati, <i>International Journal of Retail &amp; Distribution Management</i> , 2004, 32(10), p. 476- 481  Abstract: <a href="http://www.emeraldinsight.com/Insight/viewPDF.jsp?contentType=Article&amp;Filename=html/Output/Published/EmeraldFullTextArticle/Pdf/0890321003.pdf">http://www.emeraldinsight.com/Insight/viewPDF.jsp?contentType=Article&amp;Filename=html/Output/Published/EmeraldFullTextArticle/Pdf/0890321003.pdf</a>
9/23	Retail Store Location (Ch. 9, 10)
9/28	Retail Store Location (Ch. 9, 10)
9/30	<b>1st Exam</b>
10/5	Retail Formats/Development of Retail Institutions (Ch. 4, 5)

10/7	Retail Formats/Development of Retail Institutions (Ch. 4, 5)
10/12	Store Layout & Design (Ch. 13) <b>Read to prepare:</b> <a href="http://www.businessweek.com/magazine/content/06_38/b4001077.htm?chan=innovation+innovation+%2B+design_top+stories">http://www.businessweek.com/magazine/content/06_38/b4001077.htm?chan=innovation+innovation+%2B+design_top+stories</a> <b>Read to prepare:</b> <a href="http://www.time.com/time/insidebiz/article/0,9171,1568493,00.html">http://www.time.com/time/insidebiz/article/0,9171,1568493,00.html</a>
10/14	“STORE WARS: WHEN WAL-MART COMES TO TOWN” (Video) & Discussion
10/19	Merchandise Management (Ch. 14-16)
10/21	Customer Service (Ch. 2)
10/26	<b>2nd Exam</b>
10/28	Retail Pricing (Ch. 17)
11/2	Retail Pricing (Ch. 17)
11/4	Financial Management/Strategic Asset Pricing Model (Ch. 12)
11/9	Financial Management/Strategic Asset Pricing Model (Ch. 12)
11/11	Retail Promotions (Ch. 18, 19) & <b>Article Analysis 1 due</b>
11/16	HR Practices in Retailing (Ch. 11 & Appendix A)
11/18	International Retailing & Wrap-Up
11/23	<b>NO CLASS</b> – Thanksgiving Break
11/25	<b>NO CLASS</b> – Thanksgiving Break

11/30 Project Presentations & **Article Analysis 2 due**

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12/2 Project Presentations

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12/7 Project Presentations

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12/9 Project Presentations

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**3rd Exam**    **Section 1: December 16, 2009 (2:45 – 4:45 pm)**  
**Section 2: December 17, 2009 (2:45 – 4:45 pm)**