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Retail Management
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Short Answer (4 to 5 sentences)

Briefly define an independent retailer and provide an example from your local community. Will independent retailers disappear from business as chains get bigger (no right or wrong, but support your opinion)?

An independent retailer is a retailer that owns one retail unit, which can be in all different kinds of industries. An example is a local coffee shop that does not belong to a chain, which I am a big fan of. While it might be a little more pricey than getting a coffee at Dunkin for example, I value the quality of taste at this independent coffee shop, furthermore in my eyes it offers a different kind of atmosphere and flair that a coffee chain can't. This is a reason as to why I believe that while competition from chains especially when it comes to prices might make it difficult, independent retailers will keep playing a role in the future.

What is franchising? Provide an example using a major company. What are some advantages and disadvantages of franchising?

Franchising includes a franchisor and a retail franchisee, which are contract partners. The franchisor basically sells the right to conduct business under its name in a certain area to the franchisee. The franchisee usually pays an initial fee and also a monthly percentage of gross sales to the franchisor. A big advantage of franchises such as KFC is that it gives the opportunity to the franchisee to sell goods and/or services under the already established name and branding of the franchisor. A disadvantage might be that franchising does not offer the store owner the opportunity to give the store his own twist, as certain rules have to be followed.

Describe the wheel of retailing as shown in Figure 5-1.

The wheel of retailing as shown in Figure 5-1 includes three strategies: Low-end strategy, medium strategy, and high-end strategy. As a retailer enters the market, prices are usually low and accordingly, its customers are mostly price-sensitive. As the store grows and improves in different areas, it also raises its prices, which leads to the customers being of a broader base. Eventually, the retailer upgrades to excellent

facilities and services, raising their prices more and making them high end. Consequently their customers are more upscale as well.

Briefly describe the retail life cycle.

The retail life cycle is a theory that describes different stages that retailers and their products/services go through. First off is the development, followed by introduction to the market, including early growth. This is followed by the growth stage, where the concept is gaining popularity. In the maturity stage, the concept is at its peak in terms of popularity and sales. Lastly, in the decline stage, the concept loses popularity and other firms in other stages take over.

Describe two ways that retail companies are evolving.

There are different ways in which retailers are evolving and switching strategies in order to hold up with competition as margins shrink. One way is diversification, which basically describes the popular tactic of selling goods that usually would not really fit into the range of products that a company offers. It brings a new audience into the retailer, which are new possible customers. Another way that is often used by retailers is downsizing. This describes the process of closing down different locations, which are usually the least profitable, in order to have lower costs and focus on a lower number of locations.

Compare and contrast single-channel, multichannel, and omnichannel retailing.

There are different ways of how retailers sell their products. In the beginning, retailers often use a singular retail format, which is called single-channel retailing. An example would be selling only store-based. After some time and growth, the company might change to multi-channel retailing, which refers to selling products through multiple channels, for example in store and through a website. Finally, great retailers switch to omnichannel-retailing, which describes a seamless customer experience through physical and digital channels.

Electronic retailing continues to grow. How do you think the Internet and Web will continue to alter the retailing experience?

Electronic retailing and online shopping have been growing over the last years and they keep growing in their importance. They keep improving customer experience, as shopping is made easier and more convenient. I expect this trend to continue and customer experiences to be made more and more personalized. Furthermore, I am

convinced that this growth will keep continuing, since technology keeps evolving and innovations keep inspiring change and improvement.

Long Answer (8 to 10 sentences)

Find some company that offers franchising and discuss what the franchising details are. For example, how much do you need to spend to get a retail store or gas station? What are some of the 'rules' to follow? Etc.

Dunkin is a globally known franchise, with stores in countries all over the world. It is a huge company that offers franchising under certain conditions. While there are specific exceptions, I will go into further detail about the traditional opportunities that Dunkin offers as a franchise. In order to qualify, one needs a minimum of \$250,000 in liquid assets and a minimum net worth of \$500,000 per store. Apart from that, there is a franchise fee of between \$40,000 and \$90,000 and a continuing franchise fee of 2-6%. The requirements for store size say that it must be between 1,200 and 2,600 square feet. Furthermore, the advertising fee that Dunkin charges is 5%. While these numbers are pricey, for people with the needed amount of money and the right location it might be interesting to open up a Dunkin franchise, as the company continues to grow and is one of the most promising franchises in recent years.