Course Overview

The retailing industry is in the midst of a significant transformation. Forces of change are disrupting the positioning of major retailers across the marketplace. Demographic, economic, competitive and technological developments are changing how consumers shop, where they shop and forcing brick and mortar retailers to rethink their value propositions and business models in order to survive. These macro trends taken together with recent declines in consumer confidence have resulted in traffic and conversion challenges for many retailers.

The landscape is littered with the names of many prominent retail companies that have been forced out of business or have been forced to merge with others to succeed, including Loehmann’s, Border’s Circuit City, Mervyns,Sharper Image and Linens n Things and Brookstone. Many others will follow. This course will arm students with an understanding of the tools and approaches for evaluating, formulating and implementing successful business strategies for retailers. Specifically it will:

- provide a framework to use in analyzing retailers’ customer and competitive positioning;
- allow students to understand how different retail formats compete for share of wallet and why certain retail concepts perform better than others across different retail segments;
- provide a basic understanding of retail operations and why it is so difficult to implement a winning retail strategy; and
- provide insights into the ways in which Wall Street looks at retailers and how they value different companies.
This course is especially useful for students who are considering a career in retailing, for those students who will be going into the financial sector and be involved with investments in retail companies, and for students who are considering a career in management consulting with a focus on the retailing industry.

**Course Materials**

Classes will be highly interactive, using several case studies including:

- Fast Retailing Group, HBS 9-711-496
- Reed Supermarkets: A New Wave of Competitors, HBS 4296
- Wal-Mart Update 2011, HBS, 9-711-546
- Terry Lundgren at Macy’s, HBS 9-412-033
- J.C. Penney’s “Fair and Square” Pricing Strategy, HBS 9-513-036
- Best Buy in Crisis, HBS 9-713-403

Outside guest speakers will join the class throughout the semester to supplement the course material so students learn how to apply the basic analytical tools that will be introduced throughout the course. Guest speakers will be announced at the beginning of the semester.

There is no textbook required for this class, however for those of you with a deep interest in retailing I would suggest *The New Science of Retailing* by Marshall Fisher and Ananth Raman, Harvard Business Press. In addition, I would highly recommend that those students who have little or no background in retailing consider obtaining a copy of *Retailing Management* by Michael Levy, Barton Weitz, 9th edition, Irwin- McGraw Hill. This text is definitely optional and, as it is quite expensive, I have a couple of copies that I can lend out to those who wish to evaluate it before buying. It is a solid primer in basic retailing principles.

I will be posting articles before each class that relate to that week’s topics, which will be discussed in class. Copies of the presentation materials used during the classes and the related readings referenced during each class will be posted on NYU Classes.
Grading

1. **Class participation (15%)** – participation in each class will be evaluated in terms of level of involvement in class discussion, evidence of understanding and insight conveyed and value of your contribution to each session.

2. **Case write-ups (50%)** – you will be required to analyze two cases that will be discussed in class and submit a written evaluation of the situations addressing critical questions provided by the course instructor. The questions will require combining information drawn from the case, public sources, store visits and competitor visits.

3. **Final assignment (35%)** – Students will divide up into case groups of three (self selected). Each group will select a retailer which they will be analyzing for their final assignment and submit that for approval. Once approved, you will prepare a strategic analysis of the retailer’s business and identify potential growth opportunities. A written deliverable will be submitted including all of the analysis work done and an executive summary. Groups will present their case analysis during the last class session. There will be a panel of outside experts listening to the final presentations who will provide feedback to the presenters. Final presentations will be evaluated on:
   
   a. Thoroughness of sources of information collected and used for the evaluation
   b. Various elements of the retailer that are evaluated
   c. Level of insight developed from the evaluations
   d. Methods used to determine growth opportunities
   e. Conclusions reached and recommendations formulated
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<td>Role of strategy in success/failure of retail concepts</td>
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<td>Implementing retail strategy-merchandising</td>
<td>Fast Retailing case discussion Guest speakers, Alex Goldelman, SVP Uniqlo and Larry Meyer, CEO Uniqlo U.S.</td>
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<td>Retail IT strategy &amp; trends</td>
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<td>Retail supply chain &amp; omnichannel</td>
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<td>Developing winning retail strategies</td>
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<td>The future of retailing</td>
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Description of Classes

**Class 1: Overview of the retail marketplace**

Introduces the structure of the retail industry including types of retailers, market segments, channels, location alternatives, and international markets. Covers the retail life cycle and SWOT analysis and their role in evaluating a retailer’s performance. Also covers trends in the marketplace


**Class 2: Evaluating retail strategy: financial performance**

Covers the key financial metrics used to evaluate the health of a retailer as well as internal metrics used by retail executives to monitor the day-to-day business. Introduces the strategic profit model as a tool to use in evaluating performance. Finally, takes a look at how Wall Street looks at retail companies and how it contrasts with other performance considerations.


*Assignment for Class 3:* Read Wal-Mart case (Wal-Mart Update 2011, HBS 9-711-546) and related articles that have been posted. Prepare a comparison of financial KPI’s for Wal-Mart, and at least 2 competitors, which will be used during the class discussion.

**Class 3: Role of strategy in the success/failure of a retailer**

Evaluates several retail companies’ current market positions and performance in order to compare and contrast those that are doing well versus those that are losing share. Introduces various approaches for analyzing retail performance and links them to the strategies of the companies. Also introduces the Retail Strategy Model as the primary tool used throughout the course to evaluate and formulate retail strategy.

**Class 4: Evaluating retail strategy: Retail Strategy Model**

Introduces industry baseline analysis and covers the strategic positioning variables and execution variables from the Retail Strategy Model. Several examples will be used to introduce the issues around customer segmentation and customer strategy, as well as merchandising strategy, competitive positioning and the identification of key appeals for sustainable differentiation.

*Guest Speaker: Ellen Rodriquez, President, French Connection U.S.*
Assignment for Class 5: Read Reeds Supermarkets case and prepare write-up addressing specific questions provided by instructor. This work will be submitted for grading.

Class 5: Evaluating retail strategy: alignment of strategy with execution

Special topics related to positioning strategy will be discussed including assortment strategy, marketing strategy, brand positioning, location strategy and customer experience. We will also cover organizational issues related to strategy alignment, including culture, structure and incentives.


Assignment for Class 6: Read Fast Retailing case and prepare for case discussion by visiting a Uniqlo store before next class and considering questions provided by instructor.

Class 6: Implementing retail strategy: merchandising

Introduces the basic elements of merchandising including mix, classification structure and hierarchy, assortment content and editing assortments, sourcing and suppliers, private label brands and buying.


Guest Speaker: Alex Goldelman, SVP, French Uniqlo U.S.

Assignment for Class 7: Read Best Buy case and prepare for case discussion by visiting a Best Buy store before next class. Prepare a write-up addressing the specific questions provided by the instructor. This work will be submitted for grading.

Class 7: Implementing retail strategy: marketing and customer experience

Covers remaining topics in merchandising then shifts into marketing, sales promotion and CRM.


Assignment for Class 8: Read J. C. Penney case and prepare for discussion by considering questions provided by instructor.
Class 8: Implementing retail strategy: IT strategy & trends

Covers the role of IT in supporting strategy and the successful execution of a retailing enterprise. Topics will include connecting IT strategy with business strategy, the importance of IT in a modern retail enterprise, and emerging trends in retail IT.


Guest Speaker: TBD.

Assignment for Class 9: Read Macy’s and JCP cases and prepare for discussion by considering questions provided by instructor.

Class 9: Implementing retail strategy: supply chain & omnichannel

Introduces the subject of inventory management and discusses tradeoffs between lost sales and excess inventory, reserve stock vs. flow through and reorder vs. one-time buy merchandise. Also examines the role and alternative structure of supply chains and logistics in the overall process of balancing inventory including DSD, warehousing and direct to consumer models. These topics covered will be examined for brick & mortar, online and for omnichannel retailers.

Assignment for Class 10: Read eBay, Inc. and Amazon.com (A&B) cases and prepare for discussion by considering questions provided by instructor.

Class 10: ecommerce vs. brick and mortar strategies

Looks at developing trends in online retailing and considers how brick and mortar retailers can compete effectively against ecommerce pure plays such as Amazon, eBay, and others.

Guest Speaker: Jeff Liss, SVP ecommerce, Ascena Retail Group

Assignment for class 11: Final class assignments due next class.

Class 11: Developing winning retail strategies and the future of retailing

Covers a methodology for formulating strategies for retailers. The approach covers the four phases of development – 1) company mission and objectives, 2) strategic audit – external and internal SWOT analysis, 3) strategy development using the retail strategy model and 4) strategy implementation.

Provides insight into the future retail landscape and how to compete in the world ahead.
Class 12: Final assignment selected presentations

Selected groups will present the results of their strategic analysis. A panel of outside experts will be present to critique and provide feedback to each of the students.

Outside Panelists: TBD.