Lecture 12
Retail
Spaces for Selling
KEYS

- Stores
  - Big & small -- & in-home
- Store location
  - market areas & consumer access
- Retail power
  - Chains, distribution networks, global supplies
- Creating consumers
  - Landscapes of desire
Retail: Spaces for Selling

I. Point of Sale
II. Store Location
III. Behind the Storefront
IV. Landscapes of Desire
Retail is Huge

- As % of GDP & employment
- As shaper of economic geography
- From stores to cities to global systems
I. Point of Sale
   A. General Stores
   B. Specialty Stores
   C. High, Low & Ethnic
   D. Home Shopping
Before stores –
bazaars & fairs
Evolution of retail generalists

- General stores >1810
- Department Stores > 1850
- Supermarkets >1930
- Big Box Stores > 1980

  Mostly big and bigger…
Classic Department Stores
Evolution of Safeway
Mega-Stores

- 100 - 200,000 sq ft.
- 30-50,000 products
- Still by departments
The Logic of Large

- Volume sales & prices
- Variety
- Inventory
- Brand name
- Local dominance

Also sales methods (section IV)
Self-service –

Freedom of choice,
Freedom from employees…
I. Point of Sale

A. General Stores
B. Specialty Stores
C. High, Low & Ethnic
D. Home Shopping
Specialty Stores

- Product focus
  - Baby, beauty, cookware, cell phones, etc.

- Eclipse and renewal
  - Death of the artisan
  - Return of the boutique
The Logic of Small

- Niche markets
- Economies of scope (knowledge)
- Personal service
- Intimacy
Convergence?

- Mega-specialty, sub-general & chain specialty
I. Point of Sale

A. General Stores
B. Specialty Stores
C. •High, Low & Ethnic
D. Home Shopping
Selling Ethnicity

- Targeting immigrants & subcultures
- Growth area for specialty stores
- New ethnic general stores
Selling Class

- Targeting by income & luxury
- High end for the rich
  - Neiman-Marcus, Saks, Abercrombie & Fitch
- Middle-brow for middle class
  - Macy’s, Eddie Bauer, Gap
- Low-brow for working class
  - K-mart, Old Navy, Ross
I. Point of Sale

A. General Stores
B. Specialty Stores
C. High, Low & Ethnic
D. •Home Shopping
Catalogue Sales

- Began with mail service
  - Access to rural areas

- Target households
  - Housewives, elderly, niche markets
Door-to-door Sales

- Perishables
  - Before refrigeration
- Household products
  - Targeting women

- from Fuller Brush to Tupperware to Amway
TV & Phone Sales

- Mass access to homes
- Heavy promotion
- Ease of sale
Internet Sales

- Rapid growth in 2000s
- Varies by product

<table>
<thead>
<tr>
<th>Sales Penetration Rate of Select US Retail E-Commerce Categories, 2005 &amp; 2010 (% of total category sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer hardware/software</td>
</tr>
<tr>
<td>Books</td>
</tr>
<tr>
<td>Toys/video games</td>
</tr>
<tr>
<td>Jewelry/luxury goods</td>
</tr>
<tr>
<td>Apparel</td>
</tr>
<tr>
<td>Health and beauty</td>
</tr>
<tr>
<td>2005</td>
</tr>
<tr>
<td>2010</td>
</tr>
</tbody>
</table>

Source: Forrester Research, December 2005; eMarketer calculations, April 2006
Logic of Home Sales

- For consumers, ease of shopping
  - Housewives, elderly, rural

- Access to customers
  - Intense promotion

- Eliminate cost of stores
  - Avoid sales taxes

*Stores respond with catalogues & websites*
Retail: Spaces for Selling

I. Point of Sale
   - Store Location

II. Behind the Storefront

III. Landscapes of Desire
II. Store Location

A. *Individual Stores*
B. Shopping Centers
C. Towns & Cities
D. Larger Scales
Basic Retail Geography

- Access to customers
  - Minimum total distance
  - Threshold numbers
- Repetitive & ubiquitous
  - Local market areas
  - Hierarchy
II. Store Location

A. Individual Stores
B. •Shopping Centers
C. Towns & Cities
D. Larger Scales
Store clusters

- Types
  - Downtowns
  - Strips
  - Malls

- Collective logic
  - Access to many stores
  - Large variety of goods
  - Comparison shopping
  - Access to more customers
Downtowns

- Shopping ‘districts’
  - Peak c 1900
  - Centrality for transit (streetcars)
  - Access to offices & tourists
Shopping Strips

- Auto Age (> 1920s)
- Visibility
- Linear (major streets)
- Freeway exits
Malls

- **Shopping Centers, 1950s**
  - Giant parking lots
  - Groups of stores,
  - Major anchor stores
  - Single developers

- **Regional Malls, 1980s**
  - Larger scale
  - Multiple anchors
  - Chain outlets
Ethnic & Class Malls
II. Store Location

A. Individual Stores
B. Shopping Centers
C. Towns & Cities
D. Larger Scales
Towns as retail centers

- Local services

Central Place Theory

KEY
- City
- Town
- Market Town
- Village
- Boundaries
Death of Small Town Retail

- Big Box stores
  - Vs. old downtowns
  - Wider market area
  - Lower prices

- Wal-Mart wars
  - Some resistance
  - Much more in Europe
Cities as Malls

- Home of modern shopping
  - Wealth
  - Concentration of people
  - Culture of consumption
- Asia today
Malls as Mini-Cities
II. Store Location

A. Individual Stores
B. Shopping Centers
C. Towns & Cities
D. Larger Scales
Regional Marketing

San Francisco is No. 1 — in books and booze

Survey distills purchasing habits in U.S. cities

By Steve Rubenstein
Chronicle Staff Writer

There are more well-read drinkers in San Francisco than anywhere else in the land.
That's because, according to a new federal survey, San Franciscans spend more on alcohol and books than residents of any other U.S. city.
The two-year study of spending habits, released by the Bureau of Labor Statistics, found that New Yorkers spend the most on clothes, Bostonians spend the most on tobacco, Chicagoans spend the most on utilities and Washingtonians spend the most on entertainment — not counting admission to sessions of Congress, which is free.
The average San Franciscan, however, spent $744 on booze and $266 on books, out of an annual income of $70,237. The average resident of Los Angeles, by comparison, spent only $412 and $148.

Literate inebriates
San Franciscans spend the most per year on alcohol and reading materials.

ALCOHOL 
READING

San Francisco $744
New York $450
Los Angeles $412

Chez Panisse Vegetables

Alice Waters
Global Marketing
European Retail

- Different tastes
  - Product types
  - Product look, smell, etc.
  - Brand names

- Different retailers & practices
  - Still chains & megastores
    - E.g., Carrefour, Ikea
  - Fewer malls, more town/city retail

- Different rules & regulations
  - No Sunday shopping, fewer hours
  - Wal-Mart withdraws from Germany, 2006
    - Bested by domestic chains
    - Lost advantage of Sunday and long hours
    - No brand name recognition
Asia, the Retail Frontier?

- Small shop tradition
  - India has only one large retailer
    - Reliance Industries Group
  - China’s shops have 90% of sales
    - China's top 100 retail chains account for only 10% of sales

- Regional differences
  - China’s regions: "There are thousands of uniquenesses," says Wal-Mart official.
Retail: Spaces for Selling

I. Point of Sale
II. Store Location
III. •Behind the Storefront
IV. Landscapes of Desire
III. Behind the Storefront

A. •Chains

B. Distribution

C. Supply
Birth of chain stores

- Groceries (1910s-20s)
  - A&P, Kroger, Ralph’s, Safeway

- Gas Stations (1920s-30s)
  - All of them..

- Department Stores (1940s-50s)
  - Sears, Penney’s, Wards
Lords of the Chains

- Fast Foods
  - McDonald’s, Burger King

- Clothing
  - Benetton, Next, Gap, etc.

- Big Box
  - K-Mart, Wal-Mart, Target, etc.
Advantages of Chains

- Branding & advertising
- Management & finance
- Distribution & supply
Franchise chains

- Variation on model
  - Cars, hotels, fast foods
- Independent ownership
  - Licensed by major corp.
  - Corporate standards & directives
  - Personal management & risk
- Corporate distribution & supply
Chains of Chains

- Mega-chains
  - Gap
    - Gap Kids, Old Navy, Banana Republic
  - Federated
    - Macy’s, Bloomingdale’s, May’s, Marshall Field’s and Filene’s
  - Safeway
    - Von’s, Randalls, Carrs, etc.

- Chain malls
  - Westfield Malls
III. Behind the Storefront

A. Chains

B. Distribution

C. Supply
Retail Middlemen

- Merchant wholesalers
  - Older model, still exists
  - Distribute to small retailers

- Chains as wholesalers
  - Vertical integration
  - Warehouses + transport
Advantages of Integration

- Internalized profits
- Internalized management
  - Rationalized stock & flow
- Rationalized geography

![Image of distribution centers and trucks]

![Image of warehouse and forklift]
Catalogue & Internet

- No stores
  - Amazon, LL Bean etc

- Focus on distribution
  - Warehouses & transport
  - Logistics
    - In-house & hired
III. Behind the Storefront

A. Chains
B. Distribution
C. •Retail Supply
Retail-led Production Chains

- Contract own supply
  - Cut out middlemen
  - Lower prices (bulk)
  - Quality control
  - Branding

- Retail power
  - Over farmers & manufacturers
Geography of Retail Supply

- Scales
  - Regional, national, continental, global

- Big players in global supply
  - E.g. Wal-Mart, Dell, Target, Gap

- Key to new ‘system revolution’
  - Convergence of retailing & OEM manufacturing?
Overall Wal-Mart System

- Mega-stores
- Cheap labor in stores
- Distribution efficiency
- Global suppliers

Part of the Retail Systems Revolution of our time
Retail: Spaces for Selling

I. Point of Sale
II. Store Location
III. Behind the Storefront
IV. Landscapes of Desire
IV. Landscapes of Desire

A. Economics of Demand

B. Spaces for Sale

C. Advertising & Branding
Personal Demand

- ≠ ‘inherent needs’
  - Non-satiety?

- Social nature of wants
  - Ideas & needs
  - Historical development
  - Collective habits

- Personal choice?
  - Within parameters
  - Ideology of choice
Industrial demand

- Abundance of things
  - Falling prices
  - New & useful things
- Affluence & ability to buy
  - Rising wages
  - Growing markets
- Evolution of ‘needs’
  - New uses
  - Fashion & the new
  - Keeping up with Joneses
Capitalist demand

- Manufacturers must sell products
- Retailers must clear shelves
  - A capitalist imperative
Global demand

- Consuming the world
- Consumer for world
- National ideology
  - ‘world without limits’

- Excess demand
- Trade deficit
- Even when it stops making sense...
  - Personally, nationally & globally
IV. Landscapes of Desire

A. Economics of Demand

B. Spaces for Sale

C. Advertising & Branding
Landscapes of Desire

- Dream worlds of abundance
  - Walter Benjamin

- Geographies of selling & consuming

- Selling geography
  - Lure of the exotic
  - Worlds at your doorstep
Store Design

- Abundance
- Luxury
- Lost horizons
- Gender
Strips & Malls

- Signs, storefronts & windows
- Shopping & tripping
- Hanging at the mall
Cityscape as Salescape

- Dream worlds writ large
- Freedom to shop
- Anonymity & market
Places for Consuming

Beyond retailing & selling to spaces of use

- Home & hardware
  - Everyone a king consumer

- Entertainment & tourist districts
  - Tied to shopping

- The business of consuming
  - Corporate offices & landscapes
IV. Landscapes of Desire

A. Economics of Demand

B. Spaces for Sale

C. Advertising & Branding
A world awash in ads

- Print, TV, roadside, etc.
  - Evolution of media
- Advertising industry
  - Madison Avenue
Brand names

- Product brands
  - c. 1900
    - E.g., Coca-Cola, Chevy, etc.
  - New media
    - National magazines
    - Radio & TV

- Corporate brands
  - > WW2, esp. > 1980
    - E.g., Chevron, Del Monte
  - Corp > product brand
    - E.g. ‘Virgin’, ‘Apple’
What Difference Does It Make?

- Mobilizing desire
- Floating signifiers
- Are we dupes?
Consumer Habits

- Consumer attachment
  - Getting to kids

- Building brand allegiance
  - Customer care

- Fine-tuning demand
  - Ideology of choice
  - Sense of worldly command
Getting in Your Head

- Using social networks
  - Tupperware parties, Amway, Facebook, etc.
- Tracking sales & tastes
  - ‘Cookies’, ‘related goods’, etc.
- Consumer feedback
  - Blogs & tweets
  - Doing the company’s business