

Developing A Retail Management Course:

A Case Study of ApEc 3821

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The curriculum in Departments of Agricultural Economics is changing. This change is in response to changing job opportunities, backgrounds and the interests of students who are enrolled in bachelor's degree programs and other factors such as the varied backgrounds of students themselves(May). Several departments have added courses in agricultural and food sales such as Iowa State University, Michigan State University and Southern Illinois University. A course in agriculture sales has been a longstanding tradition at Purdue University under the leadership of Professor David Downey. The author teaches a similar course at the University of Minnesota. This course has been taught for less than five years.

Another area of opportunity for Departments of Agricultural Economics is to explore the offering of courses in the area of retail management and retailing. This is a new area of course offerings that may also be adapted to the agricultural and food sector in a manner similar to the agricultural sales course previously described. Although business schools may already offer general retail marketing courses, the opportunity of colleges of agriculture to develop specialized courses is clearly present at this time. Why would this be true?

Several factors are responsible for shaping this opportunity. The first is the growth in job opportunities. Retail management positions are available to graduates in the farm supply sector, garden center and other horticultural retail opportunities and in the food industry where many such opportunities exist at present. Colleges of agriculture and the

Departments of Agricultural Economics that exist within these colleges can design curricula which can address both technical and applied business skills in these areas. Colleges of home economics also have courses in retail merchandising for students entering the clothing and textile industries. Opportunities are present in this area as well.

So what makes retailing courses different from general marketing and management course taught in departments of agricultural economics? The answer lies in the emphasis on choice of retail location for a business, choice of a retail image(many consumer retail businesses have an upscale image); merchandise selection and purchasing decision related to vendor selection /partnerships; the major role of pricing and promotion decisions. These micromarketing topics need to be added to the current topics of personnel management, financial management and general strategic marketing/ management topics. The competitive arena of retailing also requires the knowledge of retail width(number of categories) and retail depth(number of choices within a catagory). These decisions are crucial to retail success.

Another factor which promotes courses in retailing is the rapid expansion of electronic retail through store websites or company websites. The knowledge of how to develop a website is now moving to the next stage of how to make a website and its retail products competitive among all other sites. Sixty percent of businesses surveyed by Sales and Marketing Management magazine expect from 5-25% of their total revenues to come from e-commerce initiatives in the next five years(Sales &Marketing Management-State of Sales and Marketing Technology Study 2000). Ag Retailer magazine in a recent issue

has suggested with the number of sites selling agricultural inputs that the need for traditional agricultural retailers has been diminished. Other information suggests that the farm retail outlet may still be a source of objective information even if product sales are not made through these locations.

What is the relationship of courses in retailing and agricultural sales? It would appear that the emphasis on dealerships as opposed to direct sales in the agricultural industry is responsible for the connection. Dealerships are essentially franchise opportunities where a physical location is substituted for a territory salesperson. This trend seems to be particularly strong at present. Many companies are relying on agricultural and other retailers to distribute their products for them even to the extent of using retail giants such as Walmart for these efforts. A knowledge of how to manage dealerships/franchises is essential for success in these fields. Also many franchises are being allowed to differentiate themselves based on retail/local image. The creation of these unique retail images can only be found in courses in retailing.

Another reason for offering courses in retailing is the opportunity to use field studies to investigate retail decisions within a local area. Many successful retail concepts such as upscaling can be applied to different product areas. An initiative such as Efficient Consumer Response in the food industry can be applied in other areas of retailing resulting in efficiency gains and increased performance. The University of Minnesota has many opportunities in the metropolitan Minneapolis/St. Paul area to observe retail

practices in a range of retail stores from the large Mall of America to local businesses including food stores and garden centers.

### **History of Applied Economics 3821**

The course title for ApEc 3821 is titled “*Retail Center Management*”. It was created as part of the semester conversion effort completed in 1999. The initial concept was to teach this course as a service course to horticultural students who needed retail concepts to work in garden centers and floral shops. The author has taught this course since its inception. The students enrolled now include agricultural economics and business, agricultural industries and marketing, food science and school of management students.

As a result of this diverse group of students, the course is now being revised.

Approximately thirty five students were enrolled each semester.

### **Concepts Taught in Retailing**

In the initial design of the course, it was apparent that a great deal of emphasis needed to be placed on the horticultural industry. As a result, the author has incorporated material on the number of categories included in a typical garden center and the expansion of these categories. *Bachman's Floral*, one of the largest garden center chains, now features a full line of gifts. *Franks Nursery and Crafts* has evolved into Christmas items, pet products and a full line of craft items. Industry published materials were used to determine the changes in these businesses. *Bachman's* also uses seasonal space in

regional mall for its gift and other items before Christmas. A resource book listed all the possible categories that could be incorporated into a garden center business(Ettinger,1990). The concepts of category selection and management were taught at an intermediate level using examples from the horticultural and food industries.

The author was fortunate to be able to use the Retail Food Center library materials which list profitability , turnover and other important statistics for different types of food businesses(The Food Institute,2000). These material and resource people from the food industry greatly enhanced the depth of offering of this course. A speaker from the food industry focused solely on on how to locate a retail food store.

The topic of retail location was covered both in the text- Retail Management: A Strategic Approach by Barry Berman and Joel Evans- and by use of speakers and special projects. One of the special projects involved analysis of retail locations using computer software by BusinessMapPro. This program and its data complement uses spatial mapping techniques to pinpoint the retail potential of an area. Data is available down to the zipcode and census tracts areas. One of the major projects in this class consisted of using BusinessMapPro to explore feasible locations for garden centers and convenience or other food stores. One student team analyzed rural areas to determine the feasibility of a farm supply store.

The topic of retail pricing and promotion was covered in two ways. First , students were assigned the task of multiple interviews with merchandise buyers and managers. In these

extensive interviews, the rules of pricing were revealed and types of promotion that were appropriate for these retail business were suggested. The second assignment involved a short term work assignment in which a short term promotional plan was suggested for a retail business of the student's interest. The assignment was to suggest this plan, have the retailer implement the plan, and evaluate the results. This was a very important exercise as this is an area where many retail businesses could improve their efforts. The project was well-received by cooperating businesses. These opportunities to explore current business were an important adjunct to the course lecture and other aspects of the class.

Another major assignment involved the appraisal of a specific sites for retail. Student teams chose different locations and performed this appraisal.

An evaluation of retail websites including actual ordering of merchandise was another of the projects assigned. Students were expected to use the sites and perform a thorough evaluation of their characteristics.

Investigation of franchise opportunities was another major topic. This information was obtained from websites and other materials. A thorough evaluation was made by groups of students including the visit to a franchise and interview with the owner/manager of the franchise.

Case studies on various aspects of retailing were included on the text. Several of these involved different types of retail businesses. Three comprehensive cases were assigned.

Retail accounting and point of sale software were demonstrated and student were given the assignment to explore the website of the vendor for an active demonstration.

### **Evaluation and Recommended Changes**

The author had students complete an appraisal of the course for the year 2001. The results of this survey were as follows:

Question 1. What is your major?

AgInd & Mktg- 16.7%

Ag&Food Bus. Mgmt-16.7%

Applied Economics- 50%

BIE/ApEc- 8.2%

AgEd- 8.2%

Questions 2. What activity did you enjoy the most?

Interviews- 33.3%

BusMapPro- 25%

In-class groups- 25%

Promotion/pricing- 8.2%

Case studies-8.2%



Question 3. What activity did you enjoy least?

Lecture-25%

Case studies- 50%

Interviews –12.5%

Questions-12.5%

Question 4. Would you like to participate in retail simulation activity?

Yes- 70%

No- 30%

Question 5. Would you like to set up and run an student internet retail business?

Yes- 77%

No- 23%

Question 6- What other activities would you have liked to perform?

Field trips-50%

Discussion-12.5%

Computer exercises-12.5%

Entrepreneurship-12.5%

Explore retail types-12.5%

On the basis of this survey, the author will allow students to continue the interview process. Several major trips will be scheduled along with corresponding interviews.

A retail simulation will be developed for a garden center and also for a food business(perhaps the supermarket simulation game-Purdue University). The opportunity to set up an internet business will be merged with a University of Minnesota Extension project called "Mainstreet" to assist other businesses in setting up retail websites.

### **Summary**

Course evaluations for this course were very high. They were an average of 6 of 7 point scale indicating the course is very acceptable. Several students commented on the quality of the text and the nature of the material itself- being very applied .The author plans to teach this course during spring semester of 2002 and would welcome an exchange of ideas and concepts with other instructors of similar courses. In the future, a WEBCT version of the course may be offered to attract students. This type of course development is currently underway.

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