

Resource Economics 343: Food Merchandising

Fall 2007

For SPARK Access Instructions: See Bottom of Next Page.

Class Meetings: Tu Th 9:30 a.m.

Professor: Dr. P. Geoffrey Allen
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Office Hours: Tuesday 2:30-4:00 p.m., and by appointment.

You'll often find me in and I will be happy to talk with you about matters concerning the course, providing I have no immediate deadline. Before making a trip over it is a good idea to check on my availability. Email is a good way to contact me. I check it at least once a day. You should use email to send me brief messages (such as your need to miss a class) or to ask a specific question about material or an assignment. Do not use it to ask "What did I miss today?" Or worse "Last week?" (Ask a classmate). Also do not use it to tell me "I need help." Come and see me instead.

Course Content:

This is an applied marketing and management course. It builds a broad groundwork for the Food Marketing Economics option in the Department of Resource Economics. It also serves as an elective course for students interested in the merchandising of consumer goods. The groundwork built by the course includes an:

1. Understanding of the merchandising strategies of food processors, wholesalers, brokers, and retailers, with emphasis on the retail end of the supply chain. We focus on current trends in product mix, store format (e.g., conventional, superstore, warehouse club, supercenter, alternative formats), promotional activity, and coordination of merchandising activities along the supply chain.
2. Understanding of how consumer characteristics and demographics affect food merchandising strategies. (Related courses: RES EC 305, Marketing 301.)
3. Overview of the structure of the food distribution and processing industries: who the major participants are, how they are organized, what parts of the market they operate in, and how they relate to each other. (Related courses: RES EC 241, 452, and 453; Management 301.)
4. Introduction to the use of information technology (IT) as a marketing and management tool in food merchandising. (Related course: RES EC 397A.)

Required Reading:

1. Textbooks:
 - Retail Product Management: Buying and Merchandising by Rosemary Varley, 2nd ed.
 - Store Wars: The Battle for Mindspace and Shelfspace by Judith Corstjens and Marcel Corstjens.
2. Supermarket News: A weekly trade newspaper on the food retailing industry delivered to you in class. Your course fees cover the subscription cost.
3. Other readings as noted in *Pre-Lecture Prep for Next Class* postings on SPARK

Course Work:

Grades will be determined on the basis of exams, homework, and presentations.

EXAMS will consist of one midterm exam (October 25) and a cumulative final exam. ***No makeups will be given on exams unless prior approval to reschedule the exam has been given by the professor.***

HOMWORK will consist of 6 assignments focusing on use of formulas and application of merchandising concepts. Some of these assignments require visits to local stores. Assignments are due in class. Late homework will be assessed a 20% penalty per day.

Each student will make two **PRESENTATIONS** during the semester:

1. **SUPERMARKET NEWS PRESENTATION:** Each Thursday during the first half of the semester, we will start the class with a discussion of a recent edition of Supermarket News. We will have a sign-up list. I will select two or three articles (depending on what's in that edition of SN). The next four or six people on the list and I will agree on who is a *presenter* and who is a *discussant* for each article. As presenter, you will have 1-2 minutes (not more) to explain to us what, in your judgment, are the key points in the article. As discussant, you also will have 1-2 minutes. Your job is a bit harder since you will tell us whether or not you agree with the presenter and why, and will describe any other points in the article you view as important. Each speaker may, if you wish, use one PowerPoint slide with your key points. If you do, you must email me the *.ppt file no later than 6 p.m. on Wednesday. You will also post materials from your presentation on SPARK (which could be just the PowerPoint slide). On weeks when you are not presenting, you are responsible for having read the paper and for commenting on the presenters' choice of articles. See below for additional details on this presentation.
2. **INTEGRATED PRESENTATION:** During the second half of the semester, we will have Integrated Presentations by members of the class. These presentations are called integrated because they will combine information from Supermarket News articles over the course of the semester, other research sources, and course information. You will select a topic to focus on at the beginning of the semester and do research on it during the semester. Your presentation can focus, for example, on a trend, its importance, current developments, and future directions. You will also post materials from your presentation on SPARK. You must be part of a team with 1-2 other students for this presentation. Each member of the team must take part in the presentation. **Use of PowerPoint is required for this presentation.** See below for further details.

Final Grade:

The weights making up the final grade will be:

	%
Homework (Best 5 of 6, 5% each)	25
Supermarket News Presentation	5
Integrated Presentation	10
Midterm (October 24)	25
Final Exam	<u>35</u>
	100

Accessing SPARK:

SPARK is a web-based software program that provides a wide range of tools for use in courses for communication between students and the instructor. For details on using SPARK, see: <http://www.oit.umass.edu/webct/campus-vista/students/index.html>. To access SPARK:

1. Go to the SPARK website at: <https://spark.oit.umass.edu/> This page can be bookmarked.
2. Click on "Go to the SPARK login page". Disable any pop-up blockers.
3. On the *SPARK Log In Page*, in the *Log in to SPARK* box, enter your NetID (OIT account username) and OIT account password in the appropriate fields.
4. Click OK. The *MyBlackboard* tab will open. On the *MyBlackboard* tab, you can view all your *SPARK* courses, check for announcements, change your course preferences and more.
5. Click on "RESECON 343—Food Merchandising". You will then be at the home page for the class. Click on the icons to access different parts of the on-line materials for the course.

Academic Honesty Policy:

I expect you to follow the highest standards of academic honesty in this course. While you are welcome to discuss homework assignments with your colleagues, I expect the writing and reasoning in your papers to be your own. If I find that you have cheated on any work or exams, I will pursue the matter to the fullest extent possible under the procedures outlined in the *Code of Student Conduct*:

http://www.umass.edu/dean_students/downloads/CodeofStudentConduct.pdf

Course Outline

Overview of the Food Merchandising System

Starting at the Beginning: Consumer Demand for Food Products and Services

Purchasing Behavior: What Do Consumers Look for in Food Products and Services?
Who is Today's Consumer? U.S. Demographics and Characteristics

Product Management from the Manufacturer's Point of View

Introduction to Market Oriented Competitors, Fight for Mindspace and Shelfspace
Major Players in Food Manufacturing
Brand Proliferation and Hypersegmentation; Brand Typology
More on Product Strategies
Promotion Strategies (Push & Pull)
The Special Role of Slotting Fees

Introduction to the Wholesaling Sector

Introduction to the Retailing Sector

Retail Product Management

Decision Makers in Retail Product Management
Category Management

Retailer Differentiation

Retailers and the Marketing Concept
Creating a Sustainable Retail Differential Advantage

Buying

Product Quantity Decisions
Forward buying and diverting
Illegal Accounting Practices

Profitable Product Management

Pricing: Gross Margin, Gross Markup, and Selling Price
Pricing Topics: Store Level Profit & Loss Statement, Industry Profitability, & Shrinkage
Variable Markup and Margins, Optimal Pricing, and Intro to Direct Product Profit

The Battle for Shelfspace

Shelf Allocation
The Battle for Shelfspace

Store Design & Visual Marketing

Loyalty Programs: IT and Tracking Consumers

Trade Marketing: The Fight Over Mindspace and Shelfspace

The Future: The New Order and its Challenges

Supermarket News Presentation *Requirements and Tips*

You will make a presentation based on *Supermarket News* on one Thursday during the first half of the semester. This presentation will be worth 5% of your final grade. It will be graded on the basis of 100 points. As we work down the list you need to keep track of when your turn comes up. Here are guidelines for your presentation:

Thursday (one week) Before Your Presentation: You will receive a copy of the issue of *Supermarket News* on which your presentation is to be based. Immediately after class meet with the other presenters for your day (there will be 4-6 other students for your presentation day) and Geoff Allen to discuss your choice of articles and selection of presenters and discussants. A presenter who does not participate in this meeting will present last and will be penalized if his/her topic overlaps with those of other presenters.

Wednesday Before Your Presentation: By **6 p.m.**, if you wish to present a summary slide (recommended) you must email the PowerPoint file to allen@resecon.umass.edu.

Thursday of Your Presentation: Bring a backup of your presentation (if you are using one) to class on a 3½ disk, CD, or thumb drive. You will make your presentation in class using PowerPoint from the laptop provided.

Time limit for in class presentation: 1-2 minutes (STRICTLY ENFORCED).

By 11:59 p.m. of Friday After Your Presentation: After your presentation, you will post **either** a PowerPoint file containing your slide and presentation notes **or** a pdf file of your presentation on the Presentation Postings area of SPARK. Your posting must be complete in communicating what you presented in class. Think of it as bringing a colleague who wasn't there up to speed fast. Late postings will be penalized 5% per day (including Saturday and Sunday). Detailed instructions on posting will be found under the "How do I . . ." icon on the course main page in SPARK.

Feedback: The instructor will give you written feedback on your presentation content and style (both verbal and posted presentations) by email. This feedback will help you in preparing your next presentation and in developing an effective presentation style for your career.

OVERALL GUIDELINES:

1. Include analysis in your presentation, not just a reiteration of the article you cover. Why is the article important? What insights does it provide? Try to relate your own work or shopping experiences to the article you are presenting.
2. Especially because your time is short, plan your presentation. Imagine you had just two minutes to impress an employer that you have what it takes. You would want to give a strong impression of your competence. Being well prepared will convey this impression. Time yourself to see how much you can effectively cover in the available amount of time. Don't ramble in your presentation. Make eye contact with **every person** in your audience (do not wear a baseball cap--they are remarkably effective in PREVENTING eye contact).
3. Plan your slide carefully. Use your slide to give structure to your talk without trying to duplicate what you will be saying. Make sure your font is large enough for your audience to see your slides effectively.

Integrated Presentation

Requirements and Tips

You will make an integrated presentation on one day during the second half of the semester. This presentation will be worth 10% of your final grade. It will be graded on the basis of 100 points. Requirements for this presentation include:

1. The presentation must be integrated. That is it must combine research from Supermarket News articles over the course of the semester, other research sources, and course information. See the posted example of a great presentation by Rachel Enos and Erica Mains under the “How Do I...” icon on WebCT.
2. You must provide a set of citations to the research you used to prepare your presentation.

You will select a topic to focus on at the beginning of the semester and do research on it from these sources over the course of the semester. Your presentation can focus, for example, on a trend, its importance, current developments, and future directions. You must form a team with 1-2 other students for this presentation. Either sign up for a topic as a group or sign up for a topic alone and when everyone has signed up you will discover who is working on the same topic. Here are guidelines for your presentation:

By September 20th: By this date you must choose the topic area for your integrated presentation (and your team if you wish to form a team). You should discuss the selection of this topic with the instructor before the 20th. On or before the 20th, you must email Geoff Allen (allen@resecon.umass.edu) with your topic selection and team (if any). Topics will be assigned on a first come, first served basis. If you do not email your topic by the due date, you will be penalized 5 points and a topic will be assigned to you. You can pick your own topic or choose one of these suggested topic areas (some of which have quite a bit of overlap):

Trends in Consumer Demand for Foods
Use of Loyalty (Frequent Buyer) and Other Promotional Programs by Retailers
Trends in New Product Development
Efficient Consumer Response and Collaborative Planning, Forecasting, and Replenishment Systems
Category Management
Roles of Sales Agencies and Manufacturer’s Representatives in Food Merchandising
Supply Chain Logistics
Consolidation in the Retailing Sector
Store Layout
Store Formats
Competition Between Traditional and Alternative Store Formats
Role of Fresh and Prepared Foods in Retail Merchandising
The Shrinking Center Store
Financial Performance of the Retailing Industry
Personnel and Hiring Issues in the Retailing Industry
Growth (or Decline?) of the Internet Grocery Shopping Industry
The potential for and benefits of RFID
The Changing Structure of the Supply Chain
Evolving Promotion Strategies: Retailers? Manufacturers?

Week Before Your Presentation: *Now is a **GREAT** time to review the presentation tips given below.* Recall that PowerPoint is required for this presentation. Determine what portion each team member will be responsible for and identify the person who will perform each activity below.

Day Before Your Presentation: By **6 p.m.**, email file with your PowerPoint presentation to the instructor at allen@resecon.umass.edu. You should also bring a backup of your presentation to class on a 3½ disk, CD, or thumb drive. You will make your presentation in class using PowerPoint slides. If you are presenting as a team, all team members must make part of the presentation.

Time limit for in class presentation: 15 minutes (STRICTLY ENFORCED).

Use a minimum of 5 slides prepared with PowerPoint.

By 11:59 p.m. Friday After Your Presentation: After your presentation, you will post a PowerPoint file containing your slides and presentation notes on the Presentation Postings area of our SPARK site. This posting will be made as an attachment to an email message and must include proper citations to all sources used to prepare the presentation. Late postings will be penalized 5% points per day (including Saturday and Sunday). The instructor will give you written **feedback** on presentation content and style by email.

Some Further Presentation Tips:

1. How much should you prepare? One guide is to think about how much time the audience is going to spend on you. In this class, that is 35 people x 12 minutes. That is over 3 hours alone that they will be listening. Add to this a hefty margin for the fact that you are not yet a pro at preparing presentations and the importance of mastering this skill, and you have a guide to the **minimum** amount of time to spend preparing.
2. Using projection equipment: If you want to look at your slide to prompt your memory, read from the computer screen. If you read from the projection on the screen on the wall, you will necessarily have your back to the audience. That is **ALWAYS** a bad thing to do because the audience will be less able to hear you and will be disconnected from you because you have lost eye contact.
3. How to prepare? One way to do it that is effective: Thoroughly read the articles you are going to cover making notes on the key points they make and how they relate to each other; prepare slides that organize these key points and present them in a logical and interesting manner; and then make presentation notes matched to your slides indicating additional points you want to make related to the points listed on the slides. Then: practice, practice, and practice.
4. How much information should you put on slides? They should carry an outline of the key points you are going to make but by no means try to repeat everything you are going to say. If your slide replicates your verbal presentation, your audience will speed read each slide (they can read much faster than you can talk), daydream until the next slide comes up, and ignore what you are saying.
5. Here's a tip on wrapping up a presentation. It makes great sense to have a summary slide to bring the ideas presented together at the end of the presentation. End a presentation by saying Thank you and asking for questions and comments. (Don't say, "Are there any questions?"—this makes it sound like there won't be. Instead say something like, "What are your questions?") Don't end a presentation by saying, "that's it" or "that's all I have" or similar statements. It makes it sound like you didn't have much to say, when you did!

Civility and Respect

Civil behavior towards others and respect for their rights are the hallmarks of educated and self-confident people. I expect such behavior from you and you should expect it from me. The College of Natural Resources and the Environment has provided a model statement that I strongly endorse. Key parts of it are repeated below.

Students are expected to assist in maintaining a classroom environment that is conducive to learning. In order to assure that all students have the opportunity to gain from time spent in class, certain basic standards of classroom respect must be adhered to. Respect does not eliminate appropriate humor, enjoyment, or other indications of a comfortable and pleasant classroom community. However, there is an expectation that all participants in this course will:

- Display respect for all members of the classroom community: your instructor and fellow students.
- Attend and participate in lectures, group discussions, lab exercises, and other classroom activities.
- Avoid unnecessary disruptions during class such as private conversations, reading newspapers, speaking on cell phones, using a laptop for something other than current classroom work, arriving late or leaving early, eating, drinking, and sleeping during class.
- Avoid negative language that is considered racist, sexist, or homophobic or in other ways may exclude members of our campus and classroom community.